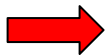


Internal Revenue Code Section 1031(a)(2)

Exchange of property held for productive use or investment.

(a) Nonrecognition of gain or loss from exchanges solely in kind.

(1) In general. No gain or loss shall be recognized on the exchange of property held for productive use in a trade or business or for investment if such property is exchanged solely for property of like kind which is to be held either for productive use in a trade or business or for investment.



(2) Exception. This subsection shall not apply to any exchange of—

(A) stock in trade or other property held primarily for sale,

(B) stocks, bonds, or notes,

(C) other securities or evidences of indebtedness or interest,

(D) interests in a partnership,

(E) certificates of trust or beneficial interests, or

(F) choses in action.

(b) For purposes of this section, an interest in a partnership which has in effect a valid election under section 761(a) [IRC Sec. 761(a)] to be excluded from the application of all of subchapter K [IRC Sections 701 et seq.] shall be treated as an interest in each of the assets of such partnership and not as an interest in a partnership.

(1) Requirement that property be identified and that exchange be completed not more than 180 days after transfer of exchanged property. For purposes of this subsection, any property received by the taxpayer shall be treated as property which is not like-kind property if—

(A) such property is not identified as property to be received in the exchange on or before the day which is 45 days after the date on which the taxpayer transfers the property relinquished in the exchange, or

(B) such property is received after the earlier of—

(i) the day which is 180 days after the date on which the taxpayer transfers the property relinquished in the exchange, or

(ii) the due date (determined with regard to extension) for the transferor's return of the tax imposed by this chapter [IRC Sections 1 et seq.] for the taxable year in which the transfer of the relinquished property occurs.

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