

Net Leasehold Interest

Information provided by:
Granite Exchange Services, Inc.
877-937-1031 • ges1031.com

Professional resources for Investors, Closers, Realtors, CPAs and Attorneys.

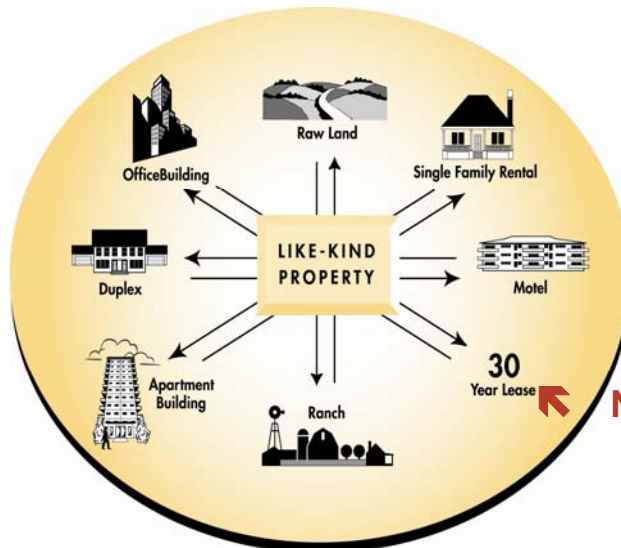
Can I buy a leasehold interest with my exchange?

Yes. An exchange of fee title for a leasehold with a remaining term of 30 years or more, or vice versa, is an exchange of “like-kind” property. Reg §1.1031(a)-1(c).

Unexercised option periods are included in meeting the 30-year requirement. However, if the lease provides for optional renewal periods, these periods can be included in determining whether the leasehold has 30 years or more remaining.

For example: A lease with an initial term of 10 years and 3 optional renewal periods of 10 years is considered to be “like-kind” property since the taxpayer had the right to use the property for up to 40 years.

A leasehold interest with a remaining of 30 years or more is considered “like-kind” property to a fee interest. If a leasehold has a term of less than 30 years, it is not treated as a qualifying 1031 property.



**Net Leasehold
Interest Applies**

As with any exchange transaction, the investor is encouraged to contact a Granite Exchange Consultant at 877-937-1031 to discuss their specific situation.

Specializing in:

- Delayed
- Simultaneous
- Reverse
- Improvement
- Multi-property



**GRANITE
EXCHANGE
SERVICES**

National Headquarters:

877-937-1031

www.ges1031.com

Each exchange transaction is unique and Granite Exchange Services, Inc. does not provide tax, legal or investment advice. Member: FEA