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IMPORTANT NOTICE

Please read this very important information regarding the Section 1031 Regulations. Failure to follow the rules summarized below may jeopardize the validity of your Section 1031 exchange.

A taxpayer must complete his or her Section 1031 exchange during the 'Exchange Period.' The Exchange Period begins on the day the relinquished property is transferred (sold), and ends on the day that is **the earlier of:**

(i) The day which is 180-days after the date on which the taxpayer transfers the relinquished property;

-OR-

(ii) The filing date (determined with regard to extensions) for the taxpayer's return for the tax year in which the transfer of the relinquished property occurs.

Subsection (ii) has serious implications for **calendar year taxpayers** who sold their relinquished property after October 17, 2009 as part of a Section 1031 Exchange this year. For example, if you sold your relinquished property on December 1, 2009, the exchange period would not end on May 30, 2010 (180-days after the sale of the relinquished property), it would end on April 15th, the due date of your return for 2009, unless you file for an extension of your tax return due date.

We therefore recommend the following for calendar year taxpayers:

1. Do not file your 2009 tax return until you have acquired your replacement property (or properties) and closed your Section 1031 Exchange.
2. If you have not acquired your replacement property on or before April 15, 2010, then file the appropriate form to extend your return date. **Do not file your tax return until you acquire your replacement property and close out your exchange.**
3. After you have acquired your replacement property and completed your Section 1031 Exchange, then file your 2009 tax return.
4. Please note that filing an extension **will not, however,** extend the 180-day exchange period; filing the tax return extension does not allow you to close out more than 180 days after the sale of the relinquished property, it simply allows you the full 180-days.

Please call us immediately if you do not understand this information. Please provide a copy of this Notice to your Tax Preparer. DO NOT assume that he or she is aware of these regulations.