INVESTOR GUIDE · OCALA & MARION COUNTY

The 1031 Exchange, Built for Ocala Investors

How to sell an investment property, defer the tax you would normally owe, and roll every dollar of equity into a bigger Ocala asset.

FREE GUIDE

Cristian Gonzalez

I don't just find homes, I engineer your wealth.

REALTOR · EXP REALTY · OCALA, FLORIDA · SEARCHOCALAHOMES.COM

Sell an appreciated rental outright and tax can take a quarter to a third of your gain once you stack capital gains, depreciation recapture, the net investment income tax, and state tax. A 1031 exchange defers that entire bill by reinvesting into real estate. It is powerful, and it is unforgiving on timing.

THE CONCEPT

What a 1031 exchange does

Named for Section 1031, a like-kind exchange lets you swap one investment or business real property for another and **defer** the tax on the sale. A qualified intermediary holds the proceeds and you reinvest into replacement real estate. It defers capital gains, depreciation recapture, and the 3.8 percent net investment income tax at once.

Two things to keep straight: it is real property only (since the 2017 tax law), and almost any US real estate is like-kind to any other. And it is a deferral, not a cancellation. The tax follows you into the new property.

THE CLOCK

The 45 and 180 day rules

Both deadlines start the day your sold property closes and run **at the same time**. It is a 180 day total window, not 45 plus 180.

WHEN	WHAT MUST HAPPEN
Day 0	Sale closes. Proceeds go to your qualified intermediary, not to you. Both clocks start.
Day 45	Identify replacement property in writing, with a clear address or legal description, delivered to your intermediary.
Day 180	Close on the replacement, or by your tax return due date including extensions if that comes first.

Absolute deadlines: no extensions for weekends, holidays, or a deal falling through, only federally declared disasters. Selling late in the year? File a tax extension so the return due date does not cut your 180 days short.

NON-NEGOTIABLE

The qualified intermediary

You cannot touch the money. If proceeds hit your account, even briefly, the exchange is disqualified under the constructive receipt rule. A qualified intermediary holds the funds from sale into purchase. Line one up **before** you list, because they must be in place at closing.

IDENTIFICATION RULES

How many you can name

RULE	WHAT IT ALLOWS
Three property rule	Up to three properties, any value. Most common.
200 percent rule	Any number, if combined value is under 200% of what you sold.
95 percent rule	Any number, but you must acquire at least 95% of identified value.

THE MATH

To defer fully, buy equal or greater value, reinvest all equity, and replace the debt (or add cash). Anything you pull out, cash or unreplaced debt relief, is **boot**, and boot is taxable. Partial exchanges are allowed; you just pay tax on the boot.

THE WEALTH ANGLE

Why Ocala investors use it

Roll equity from a single rental into a duplex, then a small multifamily, deferring tax at each step and compounding on the full, un-taxed balance. Many investors repeat this for decades, and because heirs may get a stepped-up basis, disciplined exchangers sometimes defer indefinitely. Ocala's price points make this ladder realistic to start.

NEXT STEP

Let's talk about your move

The best exchanges are mapped out before the sold property ever hits the market. I will help you line up timing, model the math, and connect you with a qualified intermediary.

DM **1031** to @gonzalez.realtor on Instagram, or visit searchocalahomes.com