

[Law Firm or Accounting Firm Letterhead]

[Date]

[Client Name]

[Client Address]

[City, State, Zip]

Re: Legal Opinion Regarding Section 1031 Related Party Exchange

Dear [Client Name],

We have been requested to provide a legal opinion regarding the federal income tax consequences of a proposed exchange of real property under Section 1031 of the Internal Revenue Code (the "Code") involving related parties.

Description of the Transaction

The Taxpayer, [Taxpayer Name], intends to transfer the Relinquished Property [Property Description/Address] to [Buyer Name]. Simultaneously, the Taxpayer intends to acquire the Replacement Property [Property Description/Address] from [Related Party Name], who is considered a "related person" within the meaning of Section 1031(f)(3) of the Code.

Analysis of Section 1031(f)

Section 1031(f) generally provides that if a taxpayer exchanges property with a related person, and within two years either party disposes of the property received in the exchange, the non-recognition treatment is revoked. However, Section 1031(f)(2)(C) provides an exception if it is established to the satisfaction of the Secretary that neither the exchange nor the disposition had as one of its principal purposes the avoidance of federal income tax.

Representations

In rendering this opinion, we have relied upon the following representations provided by the Taxpayer:

- The exchange is being structured through a Qualified Intermediary to ensure compliance with safe harbor regulations.
- Both the Taxpayer and the Related Party intend to hold their respective properties for at least two years following the date of the last transfer.
- The transaction is not being used to "cash out" of an investment or to shift basis in a manner that results in a significant reduction of aggregate tax liability.
- [Insert additional specific factual representations].

Opinion

Based upon the facts as presented and the representations made, it is our opinion that:

1. The proposed transaction qualifies as a like-kind exchange under Section 1031.
2. Provided that both the Taxpayer and the Related Party hold the properties received in the exchange for a minimum of two years, the transaction should not be subject to the related party resale rules of Section 1031(f)(1).
3. The transaction does not constitute a prohibited tax avoidance scheme under Section 1031(f)(4) as there is no immediate "cashing out" by either party.

Limitations

This opinion is based on the Code, Treasury Regulations, and administrative rulings currently in effect. Should the facts change or the two-year holding period be violated, this opinion shall be rendered null and void. This letter is intended solely for the benefit of [Client Name] and may not be relied upon by any other party.

Sincerely,

[Signature]

[Name of Authorized Signatory]

[Firm Name]