

# Real Property, Tax and Exchanging Agenda

- I. California Real Property Taxes**
- II. Basis**
  - A. Importance of Tax Basis
  - B. Method of Acquisition
  - C. Allocation of Basis
  - D. Adjustments to Basis
- III. Amount Realized**
- IV. Depreciation**
  - A. MACRS (Modified Accelerated Cost Recovery System)
  - B. Straight-line Depreciation
- V. Gain or Loss on Sale**
  - A. Calculating Gain or Loss
  - B. Capital Gain or Loss
  - C. Long and Short-Term Gain or Loss
  - D. Capital Gains for Long-Term Capital Gains Realized On or After May 6, 2003
- VI. Exchanges**
  - A. Summary of 1031 Exchange Law
  - B. Exchange Motivations
  - C. Three Basic Requirements for an Exchange
  - D. Calculation of Mortgage Boot
  - E. Delayed Exchanges
  - F. Reverse Exchanges
  - G. New Rule for Section 1031 and Section 121
- VII. Rollover of Gain on Sale of Principal Residence**
- VIII. Exclusion of Gain on Sale of Principal Residence**
  - A. Qualifying Property
  - B. Ownership and Use
  - C. Frequency
  - D. Married Taxpayers

- E. Prorated Exclusion
  - F. Special Rules
  - G. Use of Exclusion with Installment Sales
- IX. Installment Sales**
- A. Dealer Sales
  - B. Non-dealer Sales
  - C. Automatic Unless Taxpayer Elects Out
  - D. Calculating Gain on an Installment Note
  - E. Wraparound Mortgages
  - F. Reporting Gain
  - G. Imputed (Unstated or Inadequate) Interest
- X. Interest as a Deduction**
- A. Principal and One Additional Residence
  - B. Deductible Student Loan Interest
  - C. Interest Incurred in a Trade or Business
  - D. Investment Interest
  - E. Obligor Can Deduct
  - F. Loan Origination Points
  - G. Prepayment Penalties
- XI. Passive Losses**
- A. Passive Losses are Losses In
  - B. Passive Losses are Deductible Only
  - C. Special Rule
  - D. Carry Forward of Amounts that are Disallowed
  - E. Exception to Restrictions Imposed by Passive Loss Rules
- XII. Final Examination**