

Your 1031 exchange now has a backup plan.

Starting **January 1, 2027**, changes to the U.S. tax code create a new way to defer capital gains tax when circumstances keep you from completing all or part of your 1031 exchange: investing in a **Qualified Opportunity Fund (QOF)**. A QOF can't defer tax indefinitely the way a 1031 can. Its deferral lasts up to 5 years, but its requirements are much easier to meet, making it a strong fallback.

Qualifying is simple.

Reinvest your capital gain in a QOF **within 180 days** of realizing it. A QOF can defer gain in situations that stop a 1031 exchange:

- Receiving the sale proceeds personally
- Missing the 45-day deadline to identify replacement property
- Not closing on replacement property within 180 days
- Remainder amounts from a partial 1031 exchange (boot)

How to still defer your gain when a 1031 isn't an option

1

Invest only your gain

You only need to reinvest the capital gain portion of the sale proceeds to defer the tax.

2

Within 180 days

Once you realize a capital gain, you have 180 days to invest in a QOF and defer the tax.

3

Defer the tax 5 years

If you defer for the full 5 years, **10%** of the deferred gain is forgiven.

About the Opportunity Zone program

The program encourages investors with capital gains to reinvest them in **Qualified Opportunity Funds (QOFs)**, which in turn invest that capital in designated low-income communities. Congress made the program permanent and redesigned its benefits. For investments made on or after **January 1, 2027**, investors receive:

- ✓ **Tax deferral for 5 years** or until you sell the QOF, whichever comes first
- ✓ **10% of the deferred gain permanently tax-free** if held the full 5 years (30% in qualified rural funds)
- ✓ **Tax-free appreciation on your QOF investment** after a minimum 10-year hold, for up to 30 years

Good to know

- ✓ **Sold in 2026?** You can still qualify if your 180-day window reaches into 2027 (generally, sales after early July 2026), allowing you to invest in January.
- ✓ **Using an intermediary can extend your 180-day window.** Your window usually starts on the sale date. But if an intermediary held your funds into a new tax year, you may be able to report the gain as an installment sale, which starts a new 180-day window when the funds are released.
- ✓ **Most building depreciation qualifies.** Depreciation taxed at up to 25% can be deferred with a QOF. However, depreciation taxed at ordinary income rates can't be.
- ✓ **A QOF is an investment.** It can lose value and may be hard to sell. We encourage you to read our offering document, available at <https://www.sec.gov/Archives/edgar/data/1824204/000121465926012076/o9282613253g2.htm>.

Your next steps

- 1 Know your gain and your 180-day window.** Your gain is the amount your exchange didn't defer. See above for when your window starts.
- 2 Buy QOF shares in your brokerage account.** Publicly traded QOFs can be bought like any stock, in any amount.
- 3 Report it on your tax return.** Your preparer elects the deferral on Form 8949 and files Form 8997 each year.

Park View OZ (stock trading symbol: PVOZ)

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