

EXHIBIT 3
Example 3: One Property with One Dwelling Unit

	Situation F			Situation G		
	Residence	Business	Total	Residence	Business	Total
Cost	\$135,000	\$45,000	\$180,000	\$135,000	\$45,000	\$180,000
Accumulated depreciation	0	(15,000)	(15,000)	0	(15,000)	(15,000)
Adjusted basis	135,000	30,000	165,000	135,000	30,000	165,000
Amount realized:						
Property	370,000	100,000	470,000	440,000	130,000	570,000
Cash	5,000	25,000	30,000	10,000	20,000	30,000
Total	375,000	125,000	500,000	450,000	150,000	600,000
Gain realized	240,000	95,000	335,000	315,000	120,000	435,000
Gain excluded	240,000	10,000	250,000	250,000	0	250,000
Gain not excluded	0	85,000	85,000	65,000	120,000	185,000
Gain recognized	0	15,000	15,000	65,000	20,000	85,000
Gain not recognized	0	70,000	70,000	0	100,000	100,000
Basis of property received:						
Basis of exchanged property	135,000	30,000	165,000	135,000	30,000	165,000
Gain recognized	0	15,000	15,000	65,000	20,000	85,000
Gain excluded	240,000	10,000	250,000	250,000	0	250,000
Boot received	(5,000)	(25,000)	(30,000)	(10,000)	(20,000)	(30,000)
Basis of new property	\$370,000	\$30,000	\$400,000	\$440,000	\$30,000	\$470,000