Treas. Reg. Section 1.121-4(b)(1)
Special rules

(a) Property of deceased spouse.
   (1) In general. For purposes of satisfying the ownership and use requirements of section 121, a taxpayer is treated as owning and using property as the taxpayer's principal residence during any period that the taxpayer's deceased spouse owned and used the property as a principal residence before death if-
      (i) The taxpayer's spouse is deceased on the date of the sale or exchange of the property; and
      (ii) The taxpayer has not remarried at the time of the sale or exchange of the property.

   (2) Example. The provisions of this paragraph (a) are illustrated by the following example. The example assumes that §1.121-3 (relating to the reduced maximum exclusion) does not apply to the sale of the property. The example is as follows:

   Example. Taxpayer H has owned and used a house as his principal residence since 1987. H and W marry on July 1, 1999 and from that date they use H's house as their principal residence. H dies on August 15, 2000, and W inherits the property. W sells the property on September 1, 2000, at which time she has not remarried. Although W has owned and used the house for less than 2 years, W will be considered to have satisfied the ownership and use requirements of section 121 because W's period of ownership and use includes the period that H owned and used the property before death.

(b) Property owned by spouse or former spouse.
   (1) Property transferred to individual from spouse or former spouse. If a taxpayer obtains property from a spouse or former spouse in a transaction described in section 1041(a), the period that the taxpayer owns the property will include the period that the spouse or former spouse owned the property.

   (2) Property used by spouse or former spouse. A taxpayer is treated as using property as the taxpayer's principal residence for any period that the taxpayer has an ownership interest in the property and the taxpayer's spouse or former spouse is granted use of the property under a divorce or separation instrument (as defined in section 71(b)(2)), provided that the spouse or former spouse uses the property as his or her principal residence.