



1031 Exchange Checklist

Phone 1-877 4 TM 1031

This checklist is intended to provide a brief overview of the steps involved in an IRC §1031 tax deferred exchange.

Investors should always seek the advice of their tax and/or legal advisors regarding their specific situation.

- SHOULD YOU DO A 1031 EXCHANGE?:** Does your property qualify for a 1031 Exchange? Does a 1031 Exchange make financial sense for you? Visit www.TM1031Exchange.com, click on [TM 1031 Tool Kit](#) and you'll find articles on 1031 exchange basics. Our Free 1031 Calculator will help you measure the advantages of doing a 1031 Exchange for your particular situation.
- MEET & REVIEW WITH ADVISORS:** Review the entire transaction with tax and/or legal advisors. Review the free articles relevant to your situation found in the [TM 1031 Tool Kit](#).
- MAKE THE TM 1031 TOOL KIT PART OF YOUR DESKTOP:** If you elect to do a 1031 Exchange visit www.TM1031Exchange.com and make the [TM 1031 Tool Kit](#) part of your desktop for easy access. You will be using various features in the Tool Kit throughout your exchange. Follow the instructions on the top of the Tool Kit page to put on your desktop.
- DEVELOP REPLACEMENT PROPERTY CRITERIA:** Are you looking for income, no-management properties, added-value properties or properties that have the potential for rapid appreciation but less income? Is your portfolio diversified to minimize risk? Carefully consider the risk reward of each property type and strategy. Call 1 877 4 TM 1031 to discuss acquisition options/strategies in detail and visit www.TM1031Exchange.com to view a wide selection of replacement properties.
- SALE CONTRACT:** Enter into an "assignable" contract to sell your relinquished property. Execute contract with the exchanger's name "and/or assigns". For examples of exchange language, see the article "[Exchange Basics/Cooperation Clause](#)" in the [TM 1031 Tool Kit](#).
- FIND AN ACCOMODATOR/QUALIFIED INTERMEDIARY (QI):** Ask your escrow officer for a QI in your area or click on [Find QI](#) in the [TM 1031 Tool Kit](#).
- NOTIFY TM 1031 EXCHANGE OF YOUR EXPECTED CLOSE:** When your property goes under contract click [Closing Date](#) or call 1 877 4 TM 1031. Based on your replacement property needs TM 1031 Exchange will start sending details on prospective replacement properties for your review.
- ASSIGN QI AS SELLER, CLOSE ESCROW:** QI is assigned into the transaction as the seller and sale closes.
 - A) Pursuant to the assignment agreement and exchange documents, QI instructs the closing officer to directly deed the relinquished property to the buyer.
 - B) Exchange proceeds are transferred directly to the QI via wire transfer.

BEGIN IDENTIFICATION PERIOD: Both the 45-day identification and 180-day exchange period begin on close of the sale on the relinquished property. The 180 day period (or the date the tax return is due, whichever is earlier) is the period during which your replacement property must close.

REPLACEMENT PROPERTY IDENTIFICATION PROCESS: By the close of escrow you should have a good selection of replacement properties to review. Plan on executing LOIs (letter of intents) to secure your replacement property and start your due diligence process **within 10 days from the close of escrow.**

WARNING: Most failed 1031 Exchanges happen because suitable replacement property is not identified in the 45 days allowed.

This most frequently is a result of waiting until the last moment to identify the Replacement Property or identifying properties that do not have a high certainty of closing.

Ideally all due diligence should be completed on the Replacement Property(ies) and a binding contract to buy should be in place no later than the 45th day from the close of escrow on the relinquished property.

REMEMBER, IT IS BETTER TO PAY THE TAXES THAN MAKE A BAD INVESTMENT.

There is LITTLE reason to have a failed 1031 Exchange providing that you start your Replacement Property Search in a timely manner, have access and use the right resources (www.TM1031Exchange.com) and have realistic expectations for your replacement property.

PURCHASE CONTRACT: Enter into an “assignable” contract to purchase replacement property. Execute contract as exchanger’s name “and/or assigns”.

CONTACT QI: After signing the replacement property contract, contact your QI.

IDENTIFY PROPERTY: Specific written identification, signed by the taxpayer, is forwarded to QI. Go to [TM 1031 Tool Kit](#) on your desktop and click on [Identification Form](#) for sample form to be submitted to your QI no later than midnight of the 45th day of your exchange.

EXCHANGE PAPERWORK DRAWN: QI will prepare the exchange documents for purchase.

A) The original documents will be forwarded to the closing officer who will coordinate the signatures.

B) Copies of documents are forwarded to the exchanger.

REPLACEMENT PROPERTY CLOSES: QI is assigned into the transaction and purchase closes.

A) Pursuant to the assignment agreement and exchange documents, QI instructs the closing officer to directly deed the replacement property from the seller.

B) QI wire transfers exchange proceeds to the closing officer

COMPLETION: If all exchange funds are used to acquire the replacement property or properties, and all the exchange requirements are met, the exchange is complete.