

ADD VALUE FOR YOUR CLIENTS BY SUGGESTING THE USE OF A 1031 EXCHANGE IN THE RIGHT SITUATION. HERE IS A BRIEF CHECKLIST TO ENSURE YOUR CLIENT HAS A SUCCESSFUL 1031 EXCHANGE.

- ❑ The seller must be a qualified taxpayer. Meaning they have a tax ID or social security number that could be required to pay federal income tax.
- ❑ To qualify property must be real property that has been an investment property for a minimum of two years prior to the sale.
- ❑ In the contract, or an addendum, disclose your client's participation in a 1031 Exchange. The recital for the sale of the relinquished property can simply be: "Seller to participate in a 1031 Exchange at no additional cost to the Buyer."
- ❑ Alert the title and escrow company that your client is participating in a 1031 Exchange as soon as possible. That allows time to coordinate the necessary documentation.
- ❑ Close the sale of the relinquished property.
- ❑ Take full advantage of the identification process. Assist your client in identifying properties that meet one of the three identification rules (insert link to the three identification rules). You don't have to wait until the sale of the relinquished property closes to make offers on potential replacement property. Identifying early makes it easier to secure a contract for the purchase of potential replacement property prior to the expiration of the 45-day identification period.
- ❑ When your client is in contract for purchasing replacement property, alert the title company that funds will come from an exchange. The escrow officer needs contact information for the exchange company. Include a recital that the buyer is participating in a 1031 Exchange.
- ❑ Close on replacement properties within 180 days of closing on the sale of relinquished property.

