



Steps In a 1031 Exchange Transaction

An Infographic by:



THE PROCESS

Through a 1031 Exchange, an investor is able to sell his current property in exchange for like-kind property while **deferring the capital gains tax at the same time**. Below is the typical process for most 1031 Exchanges.



Step 1

An investor sells the property that they would like to do a 1031 Exchange on

(Downleg)



Step 2

The proceeds from the sale then go to an accommodator who acts as an intermediary during the exchange

(Accommodator)



Step 3

The investor then has 45-days (after the close of escrow) to identify the property they want to trade into, and 180-days to complete the transaction

(Upleg)

DOWNLEG & THE SALE

Your **DOWNLEG** is the property that you plan to sell or are in the process of selling



Your downleg **must be an investment** property and can not be your primary of residence.

The proceeds, from the sale of the ho can NOT pass through the seller's har

The proceeds from the sale must go directly from your escrow to an ACCOMMODATOR. They act as the intermediary during the exchange pro

THE ACCOMMODATOR

During a 1031 Exchange, an ACCOMMODATOR (or qualified intermediary) is a third-party that helps facilitate a smooth exchange.

They are responsible for:



Preparing all transactional documents and properly structuring the 1031 Exchange process



Receiving and safeguarding all 1031 Exchange funds



Answering tax-related questions in regards to the implementation of a 1031 Exchange



UPLEG & DEADLINES

Once the original property is sold, at the close of escrow, an investor then has a 45-day deadline and a 180-day deadline that they must meet for the exchange to be valid

45-DAY DEADLINE:

An investor has 45 days after the initial close of escrow to *identify the property* they want to trade into (**THE UPLEG**)

180-DAY DEADLINE:

From the original date that the property is sold, at the close of escrow, an investor has 180 days to *complete their 1031 Exchange*



Questions? Contact TFS Properties!
For more information on 1031 Exchanges

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