

**THE LAW OFFICES OF
EARL P. WHITE PC**

301 ROUTE 17 N, SUITE 800
RUTHERFORD, NJ 07070

WWW.EARLWHITE.LAW
CONTACT@EARLWHITE.LAW

Section 1031 10-Point Checklist

For purposes of this checklist, see the following general definitions. For more information, visit our blog [Ultimate Guide to 1031 Exchanges in New Jersey](#).

- **Relinquished Property:** Property you sell as part of the 1031 exchange.
- **Qualified Intermediary:** Entity that holds the sale proceeds after the sale of the Relinquished Property and transfers sales proceeds to the seller of the Replacement Property.
- **Replacement Property:** Property you buy as part of the 1031 exchange.
- **Identification Period:** The time period to locate the Replacement Property after you sell the Relinquished Property.
- **Exchange Period:** The time period to buy the Replacement Property after you sell the Relinquished Property.

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Checklist for Executing a Section 1031 Exchange

___ Confirm the sale of the Relinquished Property is eligible for a 1 exchange.
Consult with a tax advisor.

___ Ensure the sale contract to sell the Relinquished Property contains a provision (“exchange cooperation clause”) requiring the buyer to comply with 1031 exchange and that the contract may be assigned to a Qualified Intermediary.

___ Select and notify the Qualified Intermediary for all required documentation that must be signed for legal compliance, including assignment of the sale contract and sale proceeds to be the Qualified Intermediary.

___ In preparation for the closing, review the settlement statement to maximize the taxes that may be deferred.

___ At the closing on the sale of the Relinquished Property, ensure you receive no sale proceeds and all sales proceeds that are to be part of the 1031 exchange are delivered to the Qualified Intermediary.

___ Identify the Replacement Property within 45-days of the closing on the sale of the Relinquished Property. More than one property may be identified (up to 3 properties may be identified). Consult with the Qualified Intermediary to ensure proper identification documentation is signed.

___ Negotiate and execute purchase and sale agreement to purchase the Replacement Property. Ensure the purchase and sale agreement has: (1) a closing

date before the earlier of within 180-days of the sale of the Relinquished Property or before the filing date of the when taxes are due – including on time tax extensions – for the year the Relinquished Property was sold; and (2) a exchange cooperation clause requiring the seller to comply with the 1031 exchange and allowing the contract to be assigned to the Qualified Intermediary.

____ Notify the Qualified Intermediary that you are under contract to purchase and the Replacement Property and execute required documentation including assignment of the sale contract to the Qualified Intermediary.

____ In preparation for the closing on the purchase of the Replacement Property, review the settlement statement to maximize the taxes that may be deferred.

____ Close on the Replacement Property. Notify your tax advisor and provide closing documentation in order for the 1031 exchange to be properly reported to the IRS.

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