



## **1031 Exchange Readiness Checklist**

### **Before You Sell**

- Confirm the property is held for investment or business use
- Review your adjusted basis and accumulated depreciation
- Assemble financial records for the property
- Select a qualified intermediary (QI) before closing
- Define your investment strategy for the exchange

### **When You Sell the Relinquished Property**

- Ensure sale proceeds go directly to the QI
- Record the exact closing date to start both IRS clocks
- Review risks of taxable boot (cash out, reduced debt)

### **Within 45 Days – Identification Period**

- Identify replacement properties in writing
- Follow one identification rule (3-property, 200%, or 95% rule)
- Retain written evidence submitted to the QI

### **Within 180 Days – Exchange Period**

- Complete purchase of the replacement property
- Verify debt structure matches to avoid boot
- Gather closing disclosures and settlement statements

### **Bookkeeping & Tax Documentation**

- Update basis for the replacement property
- Recalculate depreciation
- Record changes in loans and liabilities
- Document rental activity when converting use
- Prepare information for Form 8824

### **After the Exchange**

- Keep clear books showing activity and timelines
- Track holding periods for compliance
- Plan ahead for future exchanges or tax moves