

# Planning Ahead For a Successful Exchange

A successful IRC §1031 exchange transaction requires planning, expertise, and support. Investment Property Exchange Services, Inc. (IPX1031) assists our clients by explaining the various types of exchanges, providing exchange documents, and safeguarding the exchange funds. Laying the proper groundwork before entering into an exchange will avoid unnecessary obstacles and lead to a smooth transaction.

- STEP 1. Contact IPX1031.** In advance of the closing date, as soon as escrow is opened, or after entering into the purchase and sale agreement, advise us of your intent to do an exchange. IPX1031 will prepare the appropriate Exchange Agreement, Assignments, and other documents that must be executed prior to the transfer of the Relinquished Property being sold.
- STEP 2. Instruct your real estate agent or attorney to include an “Exchange Cooperation Clause”** in the purchase and sale agreement.
- STEP 3. IPX1031 encourages you to engage your legal and tax advisors to counsel you throughout the exchange and the underlying real estate transactions.** This is particularly important if you used your Relinquished Property at any time for personal use (primary residence, vacation home, or used by friends/family), or you plan some personal use for the Replacement Property. An exchange is a complex legal and tax transaction. IPX1031 can make the exchange process smooth, but we cannot provide you with tax or legal advice.
- STEP 4. Tell IPX1031 if you plan to 1) use Exchange Funds to make improvements to the Replacement Property, or 2) acquire the Replacement Property before you sell your Relinquished Property.** Unlike a typical forward exchange, this type of exchange requires a different form of Exchange Agreement under which we must set up a title-holding entity to acquire the Replacement Property.
- STEP 5. Start searching** for acceptable Replacement Property immediately to ensure that you can meet the strict time frame for the 45-day Identification Period.

