



NAVIGATING THE EXCHANGE PROCESS

Did You Know? An estimated 8–10% of 1031 exchanges fail - often due to missed deadlines or mishandled funds. Without a Qualified Intermediary, your exchange is automatically disqualified, triggering immediate capital gains taxes

Why The Process Matters: Even a small misstep, such as mishandling funds or missing IRS deadlines, can invalidate your exchange and eliminate the tax-deferral benefits that make this strategy so powerful.

Key Requirements for Compliance

- **Consistency in Tax Identity:** The same taxpaying entity that sells the relinquished property must acquire the replacement property.
- **Use of Disregarded Entities:** Structures like single-member LLCs or Delaware Statutory Trusts (DSTs) help maintain tax identity while offering flexible ownership options.
- **Qualified Intermediary (QI) Requirement:** A QI ensures the investor never has direct access to funds—a critical IRS compliance rule.
- **Property Requirements:** Both relinquished and replacement properties must be held for investment or business purposes, not personal use.
- **Eligibility Criteria:** U.S. taxpayers—including individuals, partnerships, LLCs, corporations, trusts, and even foreign taxpayers—can participate if they comply with U.S. tax obligations.

Why Engage a QI?

- Prevents constructive receipt of funds, which would invalidate the exchange.
- Manages strict IRS timelines (45-day identification, 180-day completion).
- Oversees documentation and compliance to protect your tax benefits.

Ready to safeguard your investment strategy? Partner with a trusted Qualified Intermediary, for a seamless, compliant process.

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