



WHAT DOES A QI DO AND WHY DO I NEED ONE?

Did You Know engaging a Qualified Intermediary (QI) is not optional - it's mandatory for compliance. The IRS requires that the taxpayer never directly receives sale proceeds. Without a QI, your 1031 exchange will be disqualified.

A Qualified Intermediary is your essential partner in a 1031 exchange. Here's why:

Key Compliance Requirement

- The taxpayer must never receive sale proceeds directly—critical for a valid exchange.

Role of the QI

- Acts as a neutral third party (also called an Accommodator) to facilitate the exchange.
- Structures the transaction and prepares essential documents for both relinquished and replacement properties.
- Manages the exchange account, oversees property identification, and handles wiring of funds for closing.

How the QI Operates

- Holds funds from the sale and transfers them for the purchase of the replacement property, ensuring the taxpayer never touches the money.
- Core Activities
- Acquires relinquished property from the taxpayer and transfers it to the buyer.
- Acquires replacement property from the seller and transfers it to the taxpayer.

Additional Responsibilities

- Coordinate with other professionals to maintain IRS compliance.
- Prepare all required documentation.
- Safeguard proceeds from the sale.
- Monitor deadlines and advise on compliance throughout the process.

Ready to start your 1031 exchange? Partner with a trusted QI to ensure compliance and protect your investment strategy.

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