

Sample Language for a Real Estate Purchase and Sales Agreement for a 1031 Exchange

Purchase and sale agreements should indicate the taxpayer's intent to exchange, as well as call for cooperation from the parties to the transaction.

Samples include:

Language for "Relinquished Property" Contract

"Buyer herein acknowledges that it is the intention of the Seller to complete an IRC Section 1031 tax-deferred exchange. Buyer agrees the Seller's rights and obligations under this agreement may be assigned for the purpose of completing such exchange and this agreement is part of an integrated, interdependent exchange agreement. Buyer agrees to cooperate with the Seller in any manner necessary to enable Seller to qualify for and complete said exchange at no additional cost or liability to Buyer."

Language for "Replacement Property" Contract

"Seller herein acknowledges that it is the intention of the Buyer to complete an IRC Section 1031 tax-deferred exchange. Seller agrees the Buyer's rights and obligations under this agreement may be assigned for the purpose of completing such exchange and this agreement is part of an integrated, interdependent exchange agreement. Seller agrees to cooperate with the Buyer in any manner necessary in order to qualify for and complete said exchange at no additional cost or liability to Seller".

Financial Exchange Corp. and **1031FEC** recommend that a real estate attorney approve all agreement language.