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100% Deferral Worksheet For A Successful 1031 Exchange

Before you sell your income or investment property, do the math.

100% Deferral – to fully defer state and federal capital gain taxes, the Exchanger must reinvest all exchange proceeds and acquire property with equal or greater debt. The following worksheet is a useful tool for determining the amount of cash and debt that should go into the replacement property.

RELINQUISHED PROPERTY	Example	REPLACEMENT PROPERTY	Example
Sale Price: _____	\$400,000	Purchase Price: _____	\$600,000
Minus Existing Loans: _____	\$150,000	Minus New Loans: _____	\$375,000
Minus Closing Costs: _____	\$25,000	Equals Minimum Down: _____	\$225,000
Equals Net Proceeds: _____	\$225,000		

Your net proceeds from the relinquished property should be equal or less than the down payment for the replacement property. Otherwise, you may have boot in the form of cash or debt relief.

The formula set forth above is provided to help you determine the appropriate minimum down payment and new loan amount for your replacement property.

The information on this worksheet is an educational resource only, and not intended as legal, accounting, or tax advice of any kind. It is recommended that you consult with your own attorney or tax advisor for details before choosing to engage in a 1031 Exchange.