

The Reverse 1031: Buy First, Sell Second

Found the right building before your current one is sold? A reverse exchange lets you grab it now and still defer the tax.



HOW IT WORKS

01

You cannot own both properties at once and still exchange, so an Exchange Accommodation Titleholder (a special purpose LLC run by the intermediary) takes title to the new property and holds it for you. You then have 45 days to identify which property you are selling and 180 days to close that sale, at which point the intermediary transfers the new property to you.

WHY IT COSTS MORE

02

Someone has to hold a building for up to six months, so fees run several times a standard forward exchange. In return you get certainty: no lost deals, no forced sale at a bad price, and no 45 day scramble. Most investors who use it once say the premium was worth it.

THE FINANCING PUZZLE

03

The purchase loan closes in the name of the accommodation LLC, and many lenders will not lend to it. The common fixes: you provide the cash and lend it to the LLC, a portfolio or DSCR lender comfortable with the structure funds the deal, or you refinance once title moves to you. This is where an early conversation with a broker saves the exchange.

A NICHE THAT NEEDS THE RIGHT TEAM

Most intermediaries decline reverse exchanges. Travis works with the specialists who structure them and lenders who will actually fund them. One call sorts out whether your deal fits.

PLAN AHEAD CHECKLIST

- ✓ Engage a reverse exchange specialist before you write the offer
- ✓ Confirm the lender will fund the accommodation LLC
- ✓ Budget the extra holding costs and fees
- ✓ Keep the sale on a 180 day track from day one
- ✓ Vesting must match on both sides
- ✓ Improvement exchanges follow the same playbook



Let's run your real numbers.

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