



.....>1031<.....
ASSET EXCHANGE
.....>LLC<.....

THE LIFE OF AN EXCHANGE

PHASE I – Sale of Old (Relinquished) Property

STAGE I:> THE PURCHASE & SALE AGREEMENT

- Step 1: Negotiate and sign your Purchase & Sale Agreement (PSA) as the seller
- Step 2: Include language in your PSA to establish your intent to do a tax deferred exchange:
“Seller intends to do a 1031 exchange and buyer agrees to cooperate with seller regarding the exchange at no additional cost to buyer and no delay to the closing.”
- Step 3: Select a closing agent and/or title company to handle the closing of your transaction

STAGE II:> THE CLOSING

- Step 1: Call 1031 Asset Exchange, LLC (1031ae) when you have a signed PSA

Information we need:

- ↔ Name, phone number and reference number for your closing agent or title company
 - ↔ Copy of your PSA
 - ↔ Copy of your Preliminary Title Report
 - ↔ Your mailing address, phone and fax numbers and email address, if any
 - ↔ Sale price of the property you are selling
 - ↔ Amount of any debt on the property you are selling
 - ↔ Percentage of ownership of the property you are selling (i.e., if you own half of the property)
 - ↔ Whether you are planning to help the buyer of your property finance the purchase (i.e., seller financing)
 - ↔ In what name you hold title to the property
 - ↔ If you need any cash out of the transaction (This may be treated as **boot**.)
- Step 2: 1031ae will contact the closing agent or title company and will prepare the exchange agreement between you as an Exchanger and 1031ae, as the qualified intermediary.
- Step 3: The exchange agreement will be sent to you or to the closing agent, depending on timing and location of the closing.
- Step 4: The sale closes and funds from the sale are wired or delivered by check into your exchange account with 1031ae.

45-DAY IDENTIFICATION PHASE

RULES

- Rule 1: You have exactly 45 calendar days from the closing date of the old property (**NO exceptions**)
- Rule 2: You may identify up to 3 new properties without any restrictions
- Rule 3: You have up to 180 days to purchase one or more of the properties identified

KEY POINTS TO REMEMBER

In order to defer **ALL** taxes:

- ↔ You must acquire new property that is of equal or greater value than the old property
- ↔ You must spend ALL the cash from the old property in purchasing the new property

NOTICE

1031ae will send you a notice containing the following information:

- ↔ The original closing date
- ↔ The expiration date of the 45-day identification period
- ↔ The expiration date of the 180-day exchange period
- ↔ Confirmation of the amount we received from your closing on the old property
- ↔ A form notifying us of the locations of potential new properties
- ↔ A form authorizing us to send your CPA or tax accountant information

DEADLINE

You must mail, hand deliver, fax or email to 1031ae the property identification form before midnight of the 45th day from the closing of the old property

PHASE II – Purchase of the New (Replacement) Property

STAGE I:▶ THE PURCHASE & SALE AGREEMENT

- Step 1: Negotiate and sign your Purchase & Sale Agreement (PSA) as the buyer
- Step 2: Include language in your PSA to establish your intent to do a tax deferred exchange:
“Buyer intends to do a 1031 Exchange and seller agrees to cooperate with buyer regarding the exchange at no additional cost to buyer and no delay to the closing.”
- Step 3: Select a closing agent and/or title company to handle the closing of your transaction

STAGE II:▶ THE CLOSING

- Step 1: Call 1031ae when you have a signed PSA to buy
Information we need includes:
 - ↔ Name, phone number and reference number for your closing agent or title company
 - ↔ A copy of the PSA
 - ↔ A copy of the preliminary title report
- Step 2: Earnest money deposits may come from the exchange account, but let us know in advanced so that we can prepare the necessary documentation
- Step 3: 1031ae will wire or deliver to closing the funds necessary to close on the new property(ies). The documents will be sent to your closing agent for signing unless limited by time or location.

STAGE III▶ RECONCILIATION

1031ae provides you with a packet at the end of your exchange which includes:

- ↔ A final letter
- ↔ A final reconciliation of exchange funds
- ↔ Appropriate tax information