

COMPLIMENTS OF:



## THE POWER OF EXCHANGE

*Valuable Information for Real Estate Professionals and their Clients*

### STAGES OF A §1031 TAX DEFERRED EXCHANGE

**"FOLLOW THESE SIMPLE STEPS FOR A SUCCESSFUL TRANSACTION"**

#### RELINQUISHED PROPERTY SALE (PHASE I)

##### **CONTRACT STAGE:**

- Negotiate & sign contract as seller and/or assignee.
- Include language in the contract to establish an intent to perform a §1031 tax deferred exchange. (Call API for the suggested exchange language)

##### **CLOSING STAGE:**

- Call API after the Sale Contract is signed.
- Information needed by API:
  1. Phone and reference number for closing agent.
  2. Exchanger's mailing address and phone number.
  3. Sales price and approximate debt amount.
  4. Legal vesting as reflected on title.
  5. Will the seller be "carrying a note" on the sale?
- API will contact the closing agent and forward the Exchange Agreement and all necessary exchange documents to their office.
- Copies of all documents will be sent to Exchanger.
- The closing agent will obtain all signatures on the Exchange Agreement and all exchange documents.
- Once all parties have signed and all closing conditions are met, the transaction is closed.
- Exchange proceeds are wired into API's "Qualified Exchange Account."

#### REPLACEMENT PROPERTY PURCHASE (PHASE II)

##### **IDENTIFICATION STAGE**

- The Exchanger has 45 days from closing on the relinquished property to identify replacement property.
  1. Recommendation: Since the "45 Day Identification Period" is not flexible, it is advisable to begin looking for replacement property from the time the Exchanger decides to perform an exchange.
  2. For an exchange to be 100% tax deferred, an Exchanger must acquire replacement property of equal or greater value and reinvest all of the net proceeds from the relinquished property.
- API will forward the following to the Exchanger:
  1. Date relinquished property closed.

2. 45th day for the Identification Date Requirement.
  3. 180th day for the Exchange Period Requirement.
  4. Confirmation of receipt of exchange proceeds.
  5. "Replacement Property Identification Letter" which outlines the specific identification rules.
- Mail or fax the "Replacement Property Identification Letter" with the property(ies) identified before midnight of the 45th date from closing the relinquished property.

##### **CONTRACT STAGE:**

- Sign the purchase contract as buyer and/or assignee.

##### **CLOSING STAGE:**

- Call API after signing the Purchase Contract.
- Information needed by API:
  1. Phone and reference number for closing agent.
  2. Purchase Price.
  3. Will an earnest money deposit be needed?
- API will contact the closing agent and prepare Addenda to the Exchange Agreement & Withdrawal Authorization.
- Copies of the Addenda and Withdrawal Authorization will be forwarded to the Exchanger for review.
- The closing agent will obtain signatures on the Addenda and the Withdrawal Authorization along with all other necessary exchange documents.
- After all parties have signed and API receives the faxed Withdrawal Authorization from the closing agent, proceeds will be wired to the closing agent's account.



**ASSET PRESERVATION, INC.**

*A National IRC §1031 "Qualified Intermediary"*

**(800) 282-1031    [www.apiexchange.com](http://www.apiexchange.com)**

This information is not intended to replace qualified legal and/or tax advisors. Every taxpayer should review their specific transaction with their own legal and/or tax counsel.  
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