

STAGES OF A 1031 TAX DEFERRED EXCHANGE

"FOLLOW THESE SIMPLE STEPS FOR A SUCCESSFUL TRANSACTION"



Compliments of



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A National IRC §1031 "Qualified Intermediary"

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Template # 14

Asset Preservation, Inc. does not give tax or legal advice. The information contained herein should not be relied upon as a substitute for tax or legal advice obtained from a competent tax and/or legal advisor.

STEP #1 - SALE OF THE RELINQUISHED PROPERTY

- (a) Phone consultation with Asset Preservation, Inc. (API)
- (b) Exchange opened with API.
- (c) Pursuant to the Exchange Agreement, an Assignment is executed prior to closing and API assumes the Exchanger's Purchase and Sale Contract.
- (d) API instructs the closing officer to directly deed the property from the Exchanger to the buyer.
- (e) Proceeds are transferred directly to API via wire transfer. API sets up a separate "Qualified Exchange Account" for each Exchanger.

STEP #2 - IDENTIFICATION OF REPLACEMENT PROPERTY

- (a) API provides Exchanger confirmation of exchange proceeds received; the 45-Day Identification Period and 180-Day Exchange Period; the specific identification requirements; summary of the Identification Rules.
- (b) Exchanger properly identifies potential replacement properties under either the Three Property Rule, 200% Rule or the 95% Rule.

STEP #3 - PURCHASE OF REPLACEMENT PROPERTY

- (a) Exchanger has a total of 180 calendar days from the relinquished property closing date, or their tax filing date, whichever is earlier, to acquire "like-kind" replacement properties.
- (b) Prior to closing on the replacement property, Exchanger assigns the Purchase & Sale Contract to API.
- (c) After the Assignment is executed, the exchange is complete when API purchases the replacement property with the exchange proceeds and transfers it to the Exchanger by a direct deed from the seller.

1) Initial Phone Consultation with the Exchanger

2) Exchange opened with Asset Preservation, Inc. (API)

3) API provides exchange documents for sale to closing officer

4) Sale property deeded to buyer; Sale closed; Funds wired to API

5) API provides identification information and summary of rules

6) Exchanger identifies property within 45 calendar days

7) API forwards exchange documents for purchase to closing officer

8) Funds wired to closing officer; Direct deed and close of purchase

9) Exchange completed in 180 days; copies of documents to Exchanger