

# STAGES OF A 1031 TAX DEFERRED EXCHANGE

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



### Compliments of



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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**