

CLOSING TAX DEFERRED EXCHANGES

"IT'S PAINLESS WITH ASSET PRESERVATION, INC."



Compliments of

Handling the closing of a §1031 tax deferred exchange is almost as easy as closing a typical sale transaction! The main difference, though, is the documentation provided by Asset Preservation, Inc. (API). These documents are paramount to a successful §1031 exchange and must be executed prior to the relinquished property closing.

QUALIFIED INTERMEDIARY DOCUMENTS

Once you call API with the information needed to prepare the exchange documents, we immediately forward the following for the Exchanger's signature:

1. Exchange Agreement
2. Assignment Agreement
3. Notice of Assignment (also signed by the Buyer)
4. Qualified Exchange Account Agreement

CLOSING DOCUMENTS/STATEMENTS

To properly reflect a §1031 tax deferred exchange some minor revisions to your standard documents are required:

A. API should be shown as the Seller on the Seller's Settlement Statement. For example, show the Seller as "Asset Preservation, Inc., as Qualified Intermediary for (name of Exchanger inserted here)." All other documents which are common to the area (such as Escrow Instructions in some states) should also show Asset Preservation, Inc. as the Seller.

Note: Settlement statements that show the Exchanger as the Seller, instead of Asset Preservation, Inc. as the Seller, could be considered a potential "red flag" to the IRS.

B. Have the Exchanger "READ AND APPROVE" all documents and statements prior to having API sign as the Seller.

C. Prepare the 1099S Form in the name of the Exchanger. Check Box #4 on the form which indicates that other property will be received as part of the consideration.

PREPARING THE DEEDS

Prepare the deed directly from the Exchanger to the Buyer. A benefit of API's exchange program is that you will only prepare one deed for each phase of the exchange, unless API is facilitating a reverse or improvement exchange.

API IS ALWAYS HERE TO HELP!

API's exchange counselors have extensive experience in both exchange transactions and closing issues. We are always here to answer any questions about your exchange and to assist with the preparation of your closing documents.

Call us toll-free to receive tax deferred exchange brochures and information packages for your clients.



ASSET PRESERVATION
INCORPORATED

A National IRC §1031 "Qualified Intermediary"

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