

FREQUENTLY ASKED QUESTIONS:

What are the initial steps I need to take to do an exchange?

As early as possible before the closing of your old property, you should confer with one of Exchange Facilitator's attorneys. Mr. Helmick or Mr. Yates will help you determine an exchange strategy that considers your personal investment history, goals and how your plans may be affected by Section 1031. There is no charge for this important service.

You or your real estate agent will need to document your intent to do an exchange. This is typically done by adding exchange language to your Purchase and Sale Agreement. See the flyer titled "Suggested 1031 Language for Purchase and Sale Agreements."

Additional exchange documentation prepared by Exchange Facilitator must be incorporated into your closing documents before your old property closes. This means we need to coordinate with your closing agent in advance of closing to ensure your exchange will stand up to IRS scrutiny.

What happens after the closing of my old property?

The 45-day identification period begins. You need to locate property(ies) you wish to identify as potential new investment property. During this period Exchange Facilitator will be safely holding your exchange proceeds and helping you through the identification process.

The 180-day countdown to completion of your exchange also is triggered by the old property closing. Exchange Facilitator will be working with you, your advisors and your escrow closer to guide the acquisition of your new investment property(ies).

How do I "identify" new property?

By providing a specific description of potential new property to Exchange Facilitator within the 45-day identification period. After the 45-day period, additional properties cannot be identified, even if one or all of the properties fall through for reasons beyond your control.

We recommend that you identify more than one potential new property. We also recommend at least one of the identified properties be tied up with a Purchase and Sale Agreement. See the flyer titled "Identification Rules."



Exchange Facilitator Corporation

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What can I do to give myself more time to complete an exchange?

The 45-day identification and 180-day closing deadlines are absolute. To minimize their effect, you may start looking for new property before the closing of your old property. You may also structure the sale of your old property so that closing is contingent upon your locating (or concurrently closing on) suitable new property. You may also negotiate an extension of the closing date on your old property.

Can I provide financing on my old property sale and do an exchange?

It is possible to "carryback" or seller-finance a portion of the purchase price of the old property, but typically that portion will be subject to tax. It is best to have a cash buyer for your old property. See the flyer titled "Carryback financing on Relinquished Property."

Can I reinvest part of my equity and receive the rest in cash?

Yes. Arrangements can be made early in the exchange (before the old property closing) to allow you to receive a portion of the proceeds and still complete an exchange using the remainder. Any cash you receive will be taxable, though.



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