

STEP-BY-STEP ANALYSIS OF A 1031 EXCHANGE



1. SALE OF INVESTMENT PROPERTY:

- It is recommended that the entire transaction be discussed with a real estate attorney and tax advisor.

2. THE RELINQUISHED PROPERTY SALE CONTRACT:

- It is strongly recommended that the contract include 1031 cooperation language, which CATIC Exchange can provide, and it is essential that the contract can be assigned. If the contract has already been signed, the attorney can add an addendum including the language.
- Once the contract for the sale of the relinquished property is fully executed it should be e-mailed to CATIC Exchange, in order to begin the exchange process.

3. 1031 EXCHANGE DOCUMENTS:

- CATIC Exchange will prepare all necessary like-kind exchange documents and instructions for the relinquished property sale. The documents will be sent to the attorney for review and signature by the exchangor at closing.

4. RELINQUISHED PROPERTY CLOSING:

- Prior to the sale, CATIC Exchange takes assignment of the contract as the seller. The exchange proceeds are sent directly to CATIC Exchange. Once the appropriate paperwork is received from the closing attorney, including an executed Form W-9, all proceeds received by CATIC Exchange will be transferred to an interest-bearing escrow account in the exchangor's name.

5. 45/180 DAY TIME PERIODS:

- The 45-day identification period and 180-day exchange period start to run from the date of the relinquished property closing. Once documents have been sent back to CATIC Exchange from the attorney, CATIC Exchange will send a letter to the exchangor informing him or her of the 45th day (the day the Identification Notice must be received in our office) and the 180th day (the day the exchange must be completed or the exchange will expire) with an additional copy of the Identification Notice Form to be completed.
- Note: If no property is identified by the 45th day, the exchange fails and the proceeds are returned to the exchangor.

6. THE REPLACEMENT PROPERTY PURCHASE:

- It is strongly recommended that the contract for the replacement property include 1031 cooperation language and the contract must be assignable.
- Once the fully executed contract is received by CATIC Exchange, the necessary documents and instructions will be prepared and forwarded to the attorney for review and execution.

7. REPLACEMENT PROPERTY CLOSING:

- The attorney will contact CATIC Exchange with a request for funds needed to complete the purchase. CATIC Exchange will then wire out the funds to the settlement agent in order to complete the purchase.

8. EXCHANGE COMPLETED:

- Once the 180th day expires or the exchangor acquires all the replacement properties that he or she has identified, the exchange is complete.
- All remaining funds, if any, will be returned to the exchangor.

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