

1031Pros

STEPS TO A 1031 EXCHANGE

1. Relinquished Property Sale

- Purchase contract and title commitment are needed to prepare paperwork
- Like-Kind Exchange Agreement, Assignment Agreement, fee schedule, and wire instructions prepared and ready for closing
- Qualified Intermediary is assigned in as the seller and receives proceeds from the sale

2. Identification

- Identification time period starts on the day of closing and goes as followed; 45 days to identify and 180 days to close on the replacement property
- Can identify up to three properties
- Replacement property needs to be equal or greater in value to the relinquished property sales price, closing costs can be deducted from that number

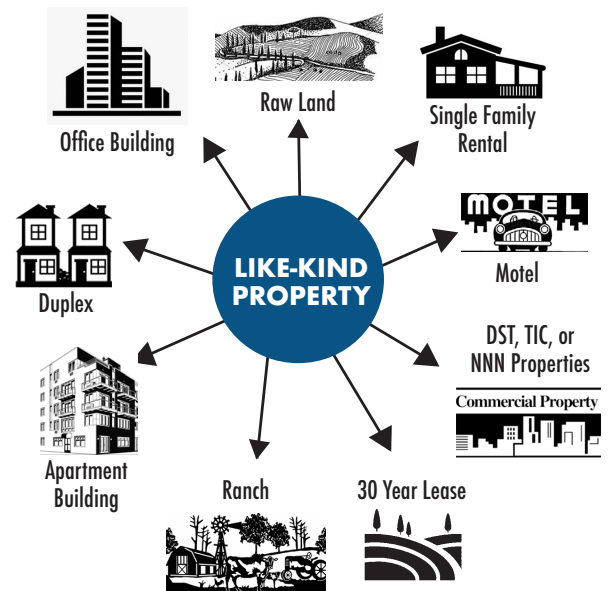
3. Replacement Property Purchase

- Purchase Contract is needed to prepare paperwork
- Assignment Agreement, fee schedule, wire prepared and ready for closing
- Qualified Intermediary is assigned in as the buyer and applies proceeds from the relinquished property
- All proceeds must be spent, and debt needs to be replaced with new debt

Like-Kind Property

Properties are of like-kind if they're of the same nature or character, even if they differ in grade or quality.

Real properties generally are of like-kind, regardless of whether they're improved or unimproved. For example, an apartment building would generally be like-kind to another apartment building, office building, single family rental, land, or a tenant-in-common passive investment ownership interest. However, real property in the United States is not like-kind to real property outside the United States.



BOOT TEST

The “Boot Test” is a device to determine if there is a potential for taxable “boot” in a transaction. It is not a substitute for tax counsel, but it can be a thumb nail analysis to allow one to know if an Exchange will be fully or partially tax deferred. The test is done to verify that the exchanger is moving up and across in value, equity, and mortgage.

EXAMPLE BOOT TEST

	Phase I (sale property)	Phase II (acquisition)	Across or Up?
Sale Price:	\$200,000	\$225,000	✓
Mortgage:	\$100,000	\$125,000	✓
Equity:	\$100,000	\$100,000	✓

This is an example of a fully tax deferred exchange. The Equity has been moved across into the next property, and there is a Mortgage of equal or greater value when compared to the Mortgage on the Phase I property. All the number requirements for the 1031 have been met.

YOUR NUMBERS

Input your own numbers below to verify that you are moving up and across in value, equity and mortgage.

	Phase I (sale property)	Phase II (acquisition)	Across or Up?
Sale Price:	\$ _____	_____	
Mortgage:	\$ _____	_____	
Equity:	\$ _____	_____	

1031 EXCHANGE CONTRACT CLAUSES

Seller and Buyer Cooperation Provisions

The following clauses have been created by attorneys as conditions to the sale/purchase contract for the Relinquished and Replacement Properties. One of these clauses or a similar provision should be included in the purchase contract. Any one of the following clauses should be satisfactory in obtaining the cooperation of the Buyer or Seller.

Buyer Clauses-Relinquished Property

1. Buyer agrees to cooperate with a Section 1031 Tax Deferred Exchange in favor of Seller. As consideration for Buyer's assistance, Seller agrees to hold Buyer harmless from any and all claims, costs or other liability and to indemnify Buyer for any loss which may arise from the acquisition or transfer of the Relinquished Property. The "Cooperation" of Buyer shall be limited to signing an Assignment Agreement transferring all rights and interests in the Purchase Agreement to 1031 Pros, Seller's Exchange Facilitator.
2. Seller, at its election, may substitute for one or more of them 1031 Pros, ("Facilitator") as a party to this escrow in which event Facilitator shall assume and perform the obligations of Seller under the Purchase Agreement and Buyer agrees to accept the performance by Facilitator and shall tender its performance to Facilitator. Buyer and Seller agree to execute any additional agreements, including amendments to these escrow instructions deemed necessary or desirable by Seller in order to effect this substitution. In the event of such substitution, Seller shall guarantee all of the obligations assumed by Facilitator under this escrow.

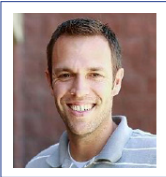
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1031 Exchange Contract Clauses (Continued)

Seller Clauses-Replacement Property

1. Seller agrees to cooperate with a Section 1031 Tax Deferred Exchange in favor of Buyer. As consideration for Seller's assistance, Buyer agrees to hold Seller harmless from any and all claims, costs or liability and to indemnify Seller for any loss which may arise from the acquisition or transfer of the Replacement Property. The "Cooperation" of Seller shall be limited to signing an Assignment Agreement transferring all rights and interests in the Purchase Agreement to 1031 Pros, Buyer's Exchange Facilitator.
2. Buyer, at its election, may substitute for one more of them 1031 Pros, ("Facilitator") as a party to this escrow in which event Facilitator shall assume and perform the obligations of Buyer under the Purchase Agreement and Seller agrees to accept the performance by Facilitator and shall tender its performance to Facilitator. Seller and Buyer agree to execute any additional agreements, including amendments to these escrow instructions deemed necessary or desirable by Buyer in order to effect this substitution. In the event of such substitution, Buyer shall guarantee all of the obligations assumed by Facilitator under this escrow.

MANAGEMENT TEAM

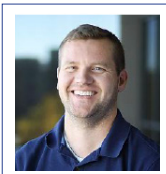


SHANE CORRIGAN

Business Development

Graduate of Brigham Young University with a BS in Financial Services. Shane has spent the past 14 years in the financial industry helping people with Financial Planning and Mortgages. Shane

understands the real estate process from beginning to end and enjoys building long lasting relationships with his clients. Coaching little league baseball and basketball is what he enjoys the most.

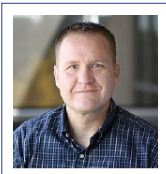


KAELEN GULBRANSON

Chief Financial Officer

Graduate of Brigham Young University in Business Management and Entrepreneurship. Fifteen years of expertise in Finance, Accounting, and Real Estate. Kaelen understands the

importance of investment and planning. His biggest passion is spending time with his wife and 5 kids. His hobbies include hunting, fishing, camping and mountain biking.



MIKE HURREN

Marketing Director

Mike is a Marketing Executive with 20 years of experience in advertising, business owner, and real estate investor. With experience in the commercial and residential real estate markets as a builder, investor and deal facilitator. Mike understands the

various different aspects of investing and ownership. Mike is the Father of 4 boys and enjoys music, reading, skiing and canyoneering.

1031 Pros is a qualified intermediary that handles all types of 1031 exchanges including: simultaneous, delayed, reverse and improvement exchanges. With over 30 years of combined experience, 20,000 transactions handled and over \$100 million saved in client capital gain taxes. Each transaction is secured with dual signature requirements and utilization of a unique individual account. 1031 exchanges are all we do - we pride ourselves in being the industry experts.

References

John Fox

Fox Auto Sales

johnfoxcars@hotmail.com | 801-985-1193

Brad McCoy

Rampart Title

www.ramparttitle.com | 801-458-9368

Dave Ellis

Sotheby's Summit

david@sgutah.com | 435-862-9199

COMMON QUESTIONS

How complex is the exchange?

We've handled 20,000 exchanges, and we are confident we can handle your transaction no matter how complex.

How many exchange transactions have you facilitated in the last two years?

Approximately 1,500.

In which asset types do you specialize?

Any investment properties are in our realm.

What references can you provide (i.e., other taxpayer clients, attorneys, accountants, and real estate professionals)?

See attached.

How do you handle client funds?

We hold proceeds in a separate account with Capital One Bank and Hillcrest Bank.

Are client funds kept segregated from the operating funds?

Yes, they are held in a separate account.

Are exchange funds held in segregated accounts that are identified by the client's name and taxpayer identification number?

They are identified by the client's name and social security # or tax ID.

How many signatures are required to release the exchange funds?

Two

Whose signatures are required?

Two signatures, one signature is ours and one is the clients.

Do you carry Errors and Omissions Insurance?

Yes.

What is the amount of insurance?

\$3,000,000.

Do you have a Fidelity Bond?

Yes.

What is the amount of the Fidelity Bond coverage?

\$1,000,000.

What turnaround times are required for the preparation of documents or the release of funds?

Typically, 24 hours, but we can act on the same day with proper notification. We do our best to not hold the client up.

What are the fees?

We charge a flat fee of \$1,000 which will cover the property being relinquished and the property being acquired.

When are fees paid?

Our fees are collected out of the proceeds of sale from the relinquished property.

How are fees assessed?

They are flat rate fees.

Is the fee quoted an inclusive fee, or are there other fees that may be assessed incrementally?

The only other fees to be expected are wire transfer fees during the transaction.

Is interest earned on funds held by the company during the exchange?

We collect interest on the proceeds held.



CA – 916-252-6900

UT – 801-403-9474

TX – 713-242-1675

FL – 786-279-3602

MA – 617-351-9484

Member of the Federation of Exchange Accommodators –
Over 20,000 Exchanges Completed

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