

TYPES OF EXCHANGES

Safe Harbour Exchange, LLC, provides complete and accurate documentation for all types of exchanges, including the following:

- Tax-Deferred Exchange
- Improvement Exchange
- Reverse Exchange
- Simultaneous Exchange
- Personal Property Exchange

Examples of real property that may be considered like-kind:

- Single-family rentals
- Office/Commercial
- Raw land
- Leasehold interest of 30 years or more
- Retail/Industrial



Like-kind personal property that is eligible for exchange may include:

- Aircraft for aircraft
- Boats for boats
- Livestock of the same gender



SECURITY POLICY

We understand that security and integrity are two legitimate concerns when choosing a Qualified Intermediary to facilitate your exchange transaction. Safe Harbour Exchange, LLC, is owned by one of the nation's largest independent title insurance agencies. We provide separate bank accounts for exclusive use by Safe Harbour Exchange, LLC. Our internal controls provide monthly internal audits, as well as our annual independent audit. Safe Harbour Exchange, LLC, also carries a Fidelity Bond, as well as Errors and Omissions Insurance in the amount of One Million Dollars per occurrence.

SAFE HARBOUR EXCHANGE, LLC

1031
TAX DEFERRED
EXCHANGES



NATIONAL SECURED TITLE

534 S. Kansas Ave.
Suite 250
Topeka, KS 66603

www.nationalsecuredtitle.com



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THE BASICS

Federal law today encourages tax-deferred, simultaneous and delayed exchanges of eligible property. A tax-deferred exchange is a powerful tool that can work to your financial advantage by deferring recognition of federal and state capital gains tax on qualifying properties. Section 1031 of the Internal Revenue Code allows you to exchange business or investment property for like-kind business or investment property with no gain or loss recognized. To qualify, properties must be held for productive use in a trade or business or for investment. The properties are considered to be like-kind if they are of the same nature or character.

With the potential for substantial tax savings in every transaction, tax-deferred exchanges have become a valuable option for owners of business and investment property of all sizes and types. By consulting with your attorney, tax advisor, or real estate professional, you can determine whether participating in a tax-deferred exchange is the right choice for you. Nebraska Title Company, acting through its affiliate, Safe Harbour Exchange, LLC, is the experienced, knowledgeable and accurate source for all of your 1031 exchange services.

We have successfully assisted hundreds of investors with their tax-deferred exchanges. As your Qualified Intermediary, Safe Harbour Exchange, LLC, will acquire the property you are selling (the relinquished property) and transfer it to the buyer. The proceeds of the sale remain with Safe Harbour Exchange, LLC, and are used to acquire the replacement property from the seller. Once that property is transferred to you as the exchangor, the tax-deferred exchange is complete.

From the simplest exchange to the most complex, we have built our reputation on expertise, financial strength and customer satisfaction. Our experts will work with you and your tax advisors to ensure



THE PROCESS OF A TAX-DEFERRED EXCHANGE

1. **Retain the services of a tax attorney or tax advisor.** Consult with your advisor regarding your plans to initiate a 1031 tax-deferred exchange.
2. Enter **into a 1031 Exchange Agreement with your Qualified Intermediary.** In this agreement, the Qualified Intermediary is named as principal in the sale of the relinquished property and the subsequent purchase of the replacement property.
3. The **taxpayer enters into a purchase agreement to sell the relinquished property.** The purchase contract must contain a Cooperation Clause stating the buyer agrees to cooperate with the seller to accomplish the 1031 exchange. An amendment to escrow is also signed, naming the Qualified Intermediary as seller. The deed is still prepared for recording from the taxpayer to the true buyer.
4. The **relinquished property transaction closes, the closing statement names the Qualified Intermediary as seller and the proceeds go to your Qualified Intermediary.** The exchange clock starts on the closing date of the relinquished property. A written identification of the replacement property to be purchased must be sent to the Qualified Intermediary within 45 days of the closing on the relinquished property. The taxpayer must close on the acquisition of the replacement property or properties no later than the earlier of: (1) midnight of the 180th calendar day following the close of the relinquished property sale transaction; or (2) the due date of the taxpayer's federal income tax return for the tax year in which the relinquished property was sold, including any extensions of time to file.
5. The **taxpayer sends written identification of the replacement property to the Qualified Intermediary, on or prior to Day 45 of the exchange.** All parties that signed the Exchange Agreement must sign the identification, and it may be faxed, hand-delivered or mailed.

THE PROCESS OF A TAX-DEFERRED EXCHANGE

(continued)

6. **The taxpayer enters into a purchase agreement with the seller of the replacement property.** Again, the purchase contract must contain a Cooperation Clause stating the seller agrees to cooperate with the buyer to accomplish the 1031 exchange. An amendment is signed, naming the Qualified Intermediary as the buyer, but the deed is from the seller to the taxpayer.
7. **Prior to the 180th day, the replacement property escrow closes.** The Qualified Intermediary is named as the buyer on the closing statement. The Qualified Intermediary sends a final accounting to the taxpayer, showing the funds coming in from one escrow, and going out to the other, all without constructive receipt by the tax



OUR ROLE

Our knowledgeable and professional staff specializes in understanding your individual needs in the 1031 exchange process and will assist you with each step of that process. Safe Harbour Exchange, LLC, serves as the Qualified Intermediary in a 1031 exchange transaction. This role can involve preparing the exchange documents necessary to carry out the exchange, executing the closing documents and holding the exchange proceeds in escrow. We will also coordinate with your real estate agent, tax advisor, attorney, escrow closing officer and lender to ensure the smooth and accurate completion of your transaction.

Safe Harbour Exchange, LLC, Nebraska Title Company and TM Holdings, Inc. do not provide legal or tax advice. We recommend you consult with your independent tax or legal advisor prior to commencing a 1031 tax-deferred exchange.