

Client Identification Letter

Replacement Property Identification

Relinquished Property: _____

Address, City, State

Sale Price\$ _____

Gross Contract Price

Client Name: _____

Name only, trust language not needed

Choose Your Identification Method

Regulations require that identification of replacement properties be made within 45 days of the close of your relinquished property. Two rules and one exception apply for all identification. Please check the box that indicates your method for identification:

- ☐ **The Three Property Rule -** Any three properties of any value may be identified.
- ☐ **The 200% Rule -** Any number of properties provided the aggregate value not exceed 200% of the value of the relinquished property. Please attach list of properties.
- ☐ **The 95% Exception -** Any number of properties of any value, provided that at least 95% of the identified property value is acquired within 180 days. Please note that this exception is very rarely, if ever used. Please attach list of properties and also contact Asset Exchange to inform us that you will be using the 95% Exception.

	Address, City, State (include unit # if applicable)	Ownership %	Estimated Purchase Price
Property #1	_____	_____	\$ _____
Property #2	_____	_____	\$ _____
Property #3	_____	_____	\$ _____

How many properties will be acquired? If unsure at this time, please state "Unknown".

- ☐ One (1)
- ☐ Two (2)
- ☐ Three (3)
- ☐ Unknown
- ☐ Other (specify)

Signature

Date

THIS FORM MUST BE SUBMITTED NO LATER THAN DAY 45 OF YOUR EXCHANGE. RETURN BY EMAIL IS PREFERRED. PLEASE EMAIL TO YOUR EXCHANGE OFFICER. IF RETURNED BY FAX, PLEASE SEND TO 877-480-1031 AND TIME STAMP FAX, IF POSSIBLE. IN ADDITION TO EMAILING OR FAXING TO ASSET EXCHANGE COMPANY, YOU MAY WANT TO FAX OR EMAIL TO YOUR CPA OR TAX ADVISOR AS ADDITIONAL EVIDENCE OF IDENTIFICATION. SIGNATURE OF THIS FORM ALSO CONFIRMS EXCHANGOR HAS READ "IMPORTANT NOTES", ATTACHED TO THIS DOCUMENT.

Important Notes

Please read before submitting your identification

- To defer 100% of the tax liability you must a) reinvest all the cash from the sale property and b) purchase property equal or greater in value. Trading down or not reinvesting all the cash will result in a tax liability.
- It is the sole and absolute responsibility of the Exchangor to properly submit identification pursuant to Section 1031 and its regulations.
- Please confirm the date the relinquished property settled and closed. The date of settlement will be listed on the final closing statements provided by the Relinquished Property closing/escrow agent. In order to properly calculate the identification deadline, please count the day after the settlement of the Relinquished Property as Day 1. Identification of Replacement Property must be made no later than 45 days after closing of the Relinquished Property.
- The address of the properties identified should be as specific as possible. If there is any doubt whatsoever as to the property identified, the exchange may be disallowed due to improper identification.
- If a property identified is intended to be a partial or co-ownership, please identify the percentage ownership intended to be acquired. In addition, if the property identified is a multi-unit property, please identify the unit number that will be acquired.
- The most common method of identifying property is known as the "3 property rule" which states you may identify any three properties, but not more than three. There is no limit to the \$ value of the properties you identify.
- Alternatively, you may use what is known as the 200% rule, which allows you to identify 4 or more properties as long as the combined \$ value of the properties identified does not exceed 200% the value of the property you sold. For example, if you sold property for \$500,000, you may identify 4 or more properties provided the combined value of those properties does not exceed \$1M (5 properties worth \$200,000 each would work).
- The 95% Exception is very rarely, if ever, used. It allows you to identify as many properties as you wish, for any value, as long as you acquire 95% of the value you identified. It is also a risky method of identifying.
- Properly identifying property allows you an inventory of properties to choose from, but you may not complete your exchange by purchasing a property that was not properly identified. Likewise, you need not purchase all of the properties that you identified.
- If you have already acquired or entered into contract on a Replacement Property prior to the expiration of the 45 Day identification period, you still must list that property on your identification letter.
- The ID Letter should be returned to us by Exchangor directly, when possible. The ID Letter should be signed by all Exchangors.
- If you fail to acquire any of the properties identified by Day 45, your exchange will fail and taxes and withholdings may be due.
- If you know precisely how many of the identified properties you will be acquiring, please state so on the ID Letter and then we will be able to refund you any balance remaining after you have acquired the number of properties you have notified us you will acquire. If it is not known how many of the identified properties you will be acquiring, it is very important that you select "Unknown"

200% Rule: List of Properties

Additional identified replacement properties

Relinquished Property: _____

Sale Price\$ _____

Address, City, State

Gross Contract Price

	Address, City, State (include unit # if applicable)	Ownership %	Estimated Purchase Price
Property #1	_____	_____	\$ _____
Property #2	_____	_____	\$ _____
Property #3	_____	_____	\$ _____
Property #4	_____	_____	\$ _____
Property #5	_____	_____	\$ _____
Property #6	_____	_____	\$ _____
Property #7	_____	_____	\$ _____
Property #8	_____	_____	\$ _____
Property #9	_____	_____	\$ _____
Property #10	_____	_____	\$ _____
Property #11	_____	_____	\$ _____
Property #12	_____	_____	\$ _____
Total Value of all Identified Properties:			\$ _____