

# Sentry Exchange, LLC – Qualified Intermediary for Tax Deferred Exchanges

## Steps to a Successful 1031 Exchange

1. Consult with your CPA, financial planner, attorney or other adviser to determine if a tax-deferred exchange is the right decision for your specific situation.
2. Instruct your real estate agent or attorney to insert a clause into the Purchase Contracts requiring the buyer to cooperate with the exchange process.
3. Inform your title company that you will be engaging in a 1031 exchange.
4. Contact Sentry Exchange to setup the necessary document package. Deliver to Sentry exchange all of the information required to set up the exchange agreement. (Contract, Title Report, Contact Info)
5. Execute the Exchange Agreement. This can be done at closing. (We'll Prepare the form)
6. Execute an Assignment of the beneficial interest in the relinquished property sales contract to Sentry Exchange. This can be done at closing. (We'll prepare the form)
7. Close on the transaction for your relinquished property. When recorded, the countdown start toward the deadline for completion of exchange (45-day and 180-day deadlines)
8. Identify your replacement property and return your identification affidavit to Sentry Exchange within 45 days of the recording of your relinquished property transaction. You may revoke, add, or change your identified properties as often as you wish, so long as Sentry Exchange is in receipt of any such changes, by the end of the 45th day.
9. Instruct your real estate agent or attorney to insert a clause into the purchase contract requiring the seller to cooperate with the exchange process.
10. Notify Sentry Exchange when closing will take place for your replacement property with as much in advance as possible.
11. Inform your escrow officer or closing professional that you will be using the upcoming closing transaction to complete a 1031 exchange.
12. Execute the Exchange Agreement Addendum to authorize Sentry Exchange to purchase the replacement property. This can be done at closing
13. Execute an Assignment of the beneficial interest in your replacement property purchase contract to Sentry Exchange. This can be done at closing. (We'll prepare the form)
14. Close on the transaction for your replacement property. This must be completed and recorded within 180 days of the recording date of the transaction for the sale of your relinquished property.
15. Receive any residual exchange proceeds. Unapplied proceeds can be refunded to the taxpayer when one of the following conditions has been met: (1) You have purchased all of your identified replacement property and your identification period has elapsed; or (2) You have failed to identify any replacement property within the 45- calendar-day period; or (3) Your 180-calendar-day exchange period has expired; or (4) A material and substantial contingency has occurred after the end of the identification period that: 1) relates to the exchange; 2) is provided for in writing; 3) is beyond the control of you or a disqualified person.