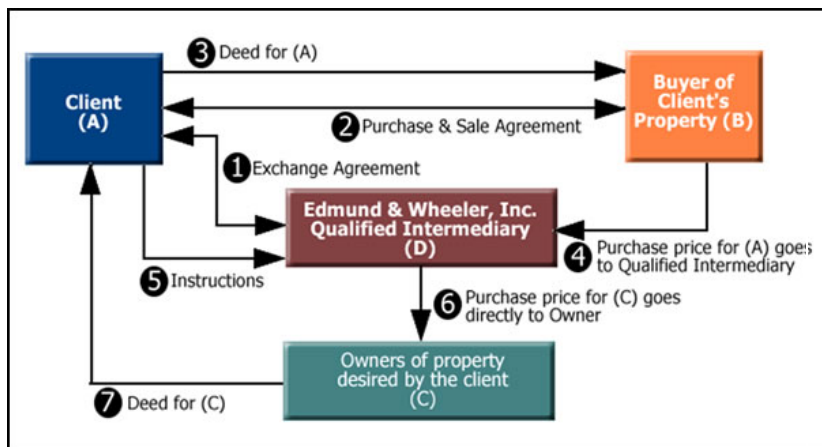


CASE STUDY 1

ABDC Delayed Exchange
(Existing Property)
Direct Format

In this format, the **Client (A)** gets a Section 1031 Exchange between steps 3 and 7 assuming all of the rules have been followed. This is the most common type of exchange.



1 The **Exchange Agreement** with Edmund & Wheeler, Inc. which governs the overall transaction. This document **MUST** be in force before the closing.

2 The **Purchase and Sale Agreement** to sell the Relinquished Property. This step may take place before Step 1 (the only out-of-sequence exception).

3 The closing of the Relinquished Property; if several are involved, the first in chronological order. In this step, the **deed to the property** is given to the Buyer.

4 Rather than going to the Exchangor, the Buyer's funds are used to **pay all of Exchangor's expenses** (including mortgages, if any), with the **NET** going directly to a money center bank into a separate, interest-bearing account established in the Exchangor's name and Social Security number.

5 This is an interactive step **encompassing all communications** post-closing with the Exchangor and Edmund & Wheeler, Inc. Included are the 45-day Identification Letter, instructions on how much of the account to be expended on particular properties, and final approval to close on the final choice(s).

6 These are the **precise instructions** to Exchangor's attorney, bank or Title Company for the closing of the Replacement Property, and the wire transfer of approved funding.

7 This is the **Exchangor's receipt** of the direct deed from the owner of the Replacement Property (C); the Exchangor achieves a Section 1031 Exchange between Steps 3 and 7, where in Step 3 a deed is given and in Step 7 a deed is received, and in between the Exchangor had no control (or Constructive Receipt) of funds.