

# Reverse § 1031 Exchange

### Why do a reverse 1031 exchange?

- 1) To purchase a property before you have sold your old property.
- 2) To do improvements to a property using tax deferred dollars.
- 3) To build new construction using tax deferred dollars.

### How does it work

ERG will set up an LLC as Exchange Accommodation Titleholder (EAT) in the state where the property is located. This entity, which is owned by ERG, will purchase the property and hold it until the conclusion of the exchange.

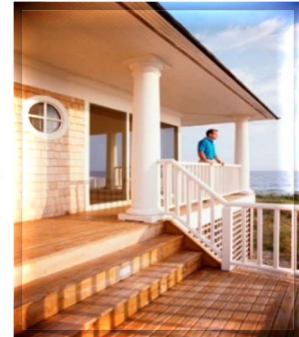
The exchanger will provide the funds or be the guarantor on a loan to the EAT to enable the purchase of the property.

ERG will sign the closing documents (and loan documents) at the time of the closing as buyer.

Once the exchanger sells their relinquished property, the proceeds can be used to fund improvements/construction or be used to repay any loans made to the entity by the exchanger or a lender.

All improvements/construction using exchange funds will be done while ERG owns the property.

At the conclusion of the exchange, ERG will transfer ownership of the EAT and the property to the exchanger. This transfer serves as the acquisition of the replacement property by the exchanger.



### FAQ

**How long after the purchase do I have to sell my relinquished property?**  
You have 180 days from the closing date of the purchase to sell the old property.

**Can I sell my relinquished property first and still do a reverse exchange for improvements?**  
Yes, in this scenario we can use exchange proceeds to fund the closing.

**Can I sell multiple properties and use the funds for a reverse exchange?**  
Yes, you can sell as many properties as you want if they are owned by the same taxpayer.

**How much time do I have to complete improvements to the property?**  
All improvements/construction must be done within 180 days of the earlier of the closing dates of the sale or purchase.

**Who has control and runs operations of the property while ERG owns it?**  
The exchanger will have a Triple Net Lease of the property so they can operate the property during the period when ERG owns it.

**What happens if I am not able to sell my relinquished property?**  
ERG will transfer the entity and property to the exchanger and it will be treated as a normal property purchase for the exchanger.

**How much does it cost?**  
Reverse fees start at \$6,000.00 but will vary depending on the complexity and size of the transaction.

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