



CAPITAL MANAGEMENT

1031 Exchange Services

A tax-deferred exchange under Section 1031 of the Internal Revenue Code defers federal, and possibly state, capital gains tax when changing property investments. Zions Bank subsidiary, Exchange Services, LLC, is the Qualified Intermediary to hold your funds in a Qualified Trust Account.

EXCHANGE RULES

Qualified Use Relinquished and Replacement Properties must be held for investment or productive use in a trade or business, not for resale or personal use.

Holding Period There is no statutorily set time. Treat the property as an investment, not inventory.

Like-Kind Exchange (LKE) Replacement Property must be "like kind" to Relinquished Property (i.e., real estate for real estate).

Equal Value To defer all tax, all Relinquished Property sale proceeds must be used to purchase Replacement Property of equal or greater value.

Purchase Period Replacement Property must be identified within 45 days and acquired within 180 days of the sale of Relinquished Property.

Identification Choose one of three options for identifying Replacement Property:

1. Up to three Properties of any value.
2. Any number of Properties with a combined value less than 200% of Relinquished Property.
3. Any number of Properties if you acquire 95 percent of the combined value of the identified property.

Qualified Intermediary Sale proceeds must be held by a Qualified Intermediary between the sale of Relinquished Property and the purchase of Replacement Property.

1. We provide the necessary documentation for converting your sale into an exchange. At closing, all proceeds are directed to a Zions Bank Qualified Trust Account.
2. Identify Replacement Property within 45 days of the Relinquished Property sale.
3. Acquire Replacement Property within 180 days of the Relinquished Property sale, or the due date of the tax return, including extensions, for the year of the sale.

We can assist taxpayers who wish to do more than 100 exchanges in a year to use special LKE program regulations, often for fleet or equipment leasing pools.

Your proceeds can be held in an FDIC-insured Qualified Trust Bank Account (with or without interest) or a fully collateralized Qualified Trust Account. All Qualified Trust Bank Accounts are with Zions Bank and are FDIC-insured up to \$250,000.

For more information, call 888-232-0434 or email zionsbanktreasurymanagement@zionsbank.com

The information contained herein is for informational purposes only and does not constitute tax, legal or accounting advice. You are advised to seek appropriate professional advice regarding your facts and circumstances. All exchange and qualified intermediary services are offered through Exchange Services, LLC, a Utah limited liability company and subsidiary of Zions Bank.

3 EASY STEPS FOR A 1031 EXCHANGE

TRUST ACCOUNT SECURITY

ZIONS BANK

WE HAVEN'T FORGOTTEN WHO KEEPS US IN BUSINESS®