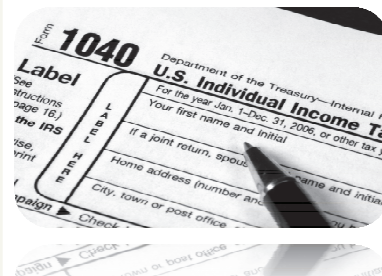


1031 Tax Deferred Exchanges

Identification Rules

Option 1: "The Three Property Rule"

Any three properties that qualify for the exchange may be identified. Only one of the identified properties needs to be purchased. You can purchase all three if you like. 95% of all exchanges choose this option.



Option 2: "The 200 Percent Rule"

You may identify any number of properties provided that the total price of the list does not exceed TWICE THE PRICE for which you sold your Property.

Example: If you sell your property for \$200,000 you can identify 10 properties

so long as the aggregate market price does not exceed \$400,000 or you can identify 5 properties so long as the aggregate market price does not exceed \$400,000.



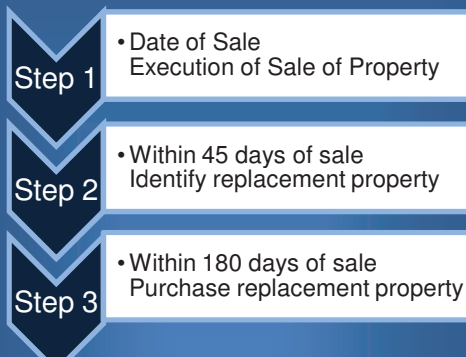
Option 3: "The 95 Percent Rule"

Identify as many properties as you like as long as you purchase on exchange at least 95 percent of the fair market value of all property identified before the end of the exchange period.

Example: Make a list and then buy 95 percent of the total list; (value is the

Meridian Exchange "We do good deeds"

Timeline 1031 Exchanges



1031 Example

RELINQUISHED PROPERTY

Sales Price \$350,000

Mortgage Payoff \$133,000
Equity or Cash \$217,000

REPLACEMENT PROPERTY

Sales Price \$350,000 or greater –less allowable expenses;
Real Estate Commissions, Title Insurance, Property Taxes,
etc...

New Mortgage \$133,000 or greater
Equity or Cash \$217,000 or more

**The "Replacement Property" may substitute the mortgage portion with cash equity; however the equity portion may not be substituted with a new loan.