



# SUPPLEMENTAL ESCROW INSTRUCTIONS

§1031 Reinvestment In Lieu of a Cash-Out Sale

Prepared by: Agent \_\_\_\_\_  
Broker \_\_\_\_\_

Phone \_\_\_\_\_  
Email \_\_\_\_\_

**NOTE:** For use to comply with the general rules for avoidance of actual or constructive receipt of sales proceeds. [IRS Regs. §1.1031 (k)-1(a)]

**DATE:** \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_, California.

To \_\_\_\_\_

Attention \_\_\_\_\_ Escrow No. \_\_\_\_\_

Seller \_\_\_\_\_

Buyer \_\_\_\_\_

§1031 Trustee \_\_\_\_\_

1. All prior instructions in this escrow and underlying agreements between the parties are amended as follows:
  - 1.1 Seller shall at no time receive cash or paper as consideration for the conveyance of the subject property, except the sum of \$\_\_\_\_\_ cash through escrow.
  - 1.2 You are authorized to close this escrow when you cause or confirm that the Trustee holds for Buyer the sum of \$\_\_\_\_\_ under the Trust entitled \_\_\_\_\_.
  - 1.3 You are to prepare Seller's closing statement showing the agreed-to charges and credits to include "Exchange Valuation Credits" due Seller in the amount of \$\_\_\_\_\_, in lieu of the net proceeds originally provided for in your instructions.
2. The following are conditions with which escrow need not be concerned:
  - 2.1 Seller intends the sale to qualify as an Internal Revenue Code §1031 transaction, exempt from profit reporting. The ultimate tax status of the sale provides no consideration for the agreement between the parties, and failure to qualify under Internal Revenue Code §1031 provides no grounds for rescission.
  - 2.2 Buyer and §1031 Trustee, concurrent with the signing of these instructions, shall execute a trust agreement creating a trust to receive and hold as the trust estate the proceeds of this sale.

See attached Signature Page Addendum. [ft Form 251]

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Date: \_\_\_\_\_, 20\_\_\_\_\_

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Seller: \_\_\_\_\_

Buyer: \_\_\_\_\_

Seller: \_\_\_\_\_

Buyer: \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_\_

§1031 Trustee: \_\_\_\_\_

By: \_\_\_\_\_