

planEASe® Exchange Recap

The analysis and all reports and were prepared using a combination of two products, [planEASe](#), and the [Financial Utilities](#).

- **Recapitulation Form**
 - Shows the Exchange Recapitulation Form
- **Exchanger**
 - Shows what the Exchanger gives into and takes from the Exchange
- **Seller**
 - Shows what the Seller sells, and then receives for his Net Equity.
- **Buyer**
 - Shows what the Buyer purchases, and how much of the equity was paid with cash vs. paper.
- **Basis**
 - Realized Gain Computation, Recognized Gain Computation, Unrecognized Gain Computation, and Substitute Basis Computation

This function allows you to enter and balance a 1031 Exchange transaction on either a 2 party (Exchanger - Exchanger) or a 3 party (Exchanger - Buyer - Seller) basis. You may print the Recap Form, a Recap Report for each of the parties, and a Basis Adjustment Report for the Exchanger(s). You may save exchanges on disk, and open them for reprocessing at a later time. Exchanges involving more parties are processed as multiple instances of 2 and/or 3 party exchanges.

Format

The Exchange Grid is shown in three colors (typically white, gray and dark gray). The white cells are for your entry of the exchange data. The gray cells are for display of the computed values when the exchange is balanced, and the dark gray cells are never used. If the screen is showing a 2 party form and you want to enter a 3 party exchange (or vice versa), pull down File/New Exchange and specify the other format.

Data Entry

You must explicitly enter something (even \$0) into each white cell of the Recap Form shown on the screen. For cells with amounts that you might think of as a percentage (like a 6% commission), you may enter a number less than 100 and the corresponding \$ amount will be computed and shown (assuming the percentage basis number, like the Market Value for a commission, has already been entered).

Items relate to the party named in the Column Heading, so Acquisition Cost in the Exchanger column is the Acquisition Cost he must pay for the Seller's Property.

If a party has cash to balance the exchange, enter the maximum cash he has available, and you will be offered the opportunity to net out his cash contribution if the maximum amount is not required.

For 3 party exchanges, the Buyer's Cash Given and Paper Given must total to the Net Equity he is purchasing, or you will be prompted to adjust the entered values before proceeding.

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Balance Equities

If you have entered values into all the white cells, pressing this button will balance the exchange and display the balanced values in the gray cells. If there is not sufficient cash in the Exchange to pay transaction costs, the costs not covered are paid in paper and shown in red for identification.

If any party is both taking and giving cash in the balanced position, you are given the opportunity to net out that position. This is also true for paper in 2 party exchanges.

Exchange Recapitulation Form

This sample 3 party Exchange shows the California Exchanger exchanging his California Apartments for the Arizona Apartments with the cooperation of the California Buyer, who obtains a new \$900,000 loan, with the exchanger carrying back \$60,000 on his California property.

| | Exchanger Has | Exchanger Gets | Seller Has | Buyer Gets |
|----------------------|-----------------------|--------------------|--------------------|-----------------------|
| Party's Name | California Exchanger | | Arizona Seller | California Buyer |
| Property Name | California Apartments | Arizona Apartments | Arizona Apartments | California Apartments |
| Market Value | \$1,200,000 | \$2,000,000 | \$2,000,000 | \$1,200,000 |
| Existing Loans | \$430,000 | \$1,400,000 | \$1,100,000 | \$900,000 |
| Equity | \$770,000 | \$600,000 | \$900,000 | \$300,000 |
| Cash Given | \$0 | | \$0 | \$240,000 |
| Cash Taken | | \$26,000 | \$780,000 | \$0 |
| Paper Given | \$0 | \$0 | \$0 | \$60,000 |
| Paper Taken | | \$60,000 | \$0 | \$0 |
| Commission | \$72,000 | | \$100,000 | |
| Disposition Cost | \$12,000 | | \$20,000 | |
| Acquisition Cost | \$0 | | | \$0 |
| Loan Assumption Cost | \$0 | | | \$0 |
| New Loan Points | \$0 | | | \$0 |
| Net Equity | \$686,000 | \$686,000 | \$780,000 | \$300,000 |
| New Loan | \$900,000 | | \$1,400,000 | |
| Current Basis | \$555,000 | | | |

The data and calculations presented herein, while not guaranteed,
have been obtained from sources we believe to be reliable.
Produced by planEASe from Analytic Associates (800) 959-3273

Exchange Recapitulation

California Exchanger

This sample 3 party Exchange shows the California Exchanger exchanging his California Apartments for the Arizona Apartments with the cooperation of the California Buyer, who obtains a new \$900,000 loan, with the exchanger carrying back \$60,000 on his California property.

California Exchanger gives into the Exchange:

The California Apartments Property

| | |
|------------------------------------|-------------|
| with a Market Value of | \$1,200,000 |
| subject to an Existing Loan of | \$430,000 |
| Equity given into the Exchange | \$770,000 |
| less Commission paid on Sale | \$72,000 |
| less Disposition Costs paid | \$12,000 |
| Net Equity given into the Exchange | \$686,000 |

California Exchanger takes from the Exchange:

The Arizona Apartments Property

| | |
|--|-------------|
| with a Market Value of: | \$2,000,000 |
| subject to a New Loan of | \$1,400,000 |
| Equity taken from the Exchange | \$600,000 |
| plus Cash taken from the Exchange | \$26,000 |
| plus Paper taken to balance the Exchange | \$60,000 |
| Net Equity taken from the Exchange | \$686,000 |

Sale Recapitulation

Arizona Seller

This sample 3 party Exchange shows the California Exchanger exchanging his California Apartments for the Arizona Apartments with the cooperation of the California Buyer, who obtains a new \$900,000 loan, with the exchanger carrying back \$60,000 on his California property.

Arizona Seller sells:

The Arizona Apartments Property

| | |
|--------------------------------|-------------|
| with a Market Value of | \$2,000,000 |
| subject to an Existing Loan of | \$1,100,000 |
| Equity Sold | \$900,000 |
| less Commission paid on Sale | \$100,000 |
| less Disposition Costs paid | \$20,000 |
| Net Equity Sold | \$780,000 |

Arizona Seller receives for his Net Equity:

| | |
|---------------------|-----------|
| Cash | \$780,000 |
| Net Equity received | \$780,000 |

Purchase Recapitulation

California Buyer

This sample 3 party Exchange shows the California Exchanger exchanging his California Apartments for the Arizona Apartments with the cooperation of the California Buyer, who obtains a new \$900,000 loan, with the exchanger carrying back \$60,000 on his California property.

California Buyer purchases:

The California Apartments Property

| | |
|--------------------------|-------------|
| with a Market Value of | \$1,200,000 |
| subject to a New Loan of | \$900,000 |
| Equity purchased | \$300,000 |

California Buyer paid for this Equity with:

| | |
|------------------------------|-----------|
| Cash | \$240,000 |
| Paper | \$60,000 |
| Total Consideration paid in: | \$300,000 |
| Total Paid for Equity | \$300,000 |

Exchange Basis Adjustment

California Exchanger

This sample 3 party Exchange shows the California Exchanger exchanging his California Apartments for the Arizona Apartments with the cooperation of the California Buyer, who obtains a new \$900,000 loan, with the exchanger carrying back \$60,000 on his California property.

Realized Gain Computation

| | |
|------------------------------------|-------------|
| Market Value of Property Conveyed | \$1,200,000 |
| Less: Sale Commission | \$72,000 |
| Less: Disposition Costs | \$12,000 |
| Equals: Net Sale Price | \$1,116,000 |
| Less: Basis at Time of Disposition | \$555,000 |
| Equals: Realized Gain | \$561,000 |

Recognized Gain Computation

| | |
|---|----------|
| Cash Received in the Exchange | \$26,000 |
| Plus: Boot Received | \$60,000 |
| Plus: Net Loan Relief Received | \$0 |
| Equals: Total Unlike Property Received | \$86,000 |
| Recognized Gain: (lesser of Realized Gain and Unlike Property Received) | \$86,000 |

Unrecognized Gain Computation

| | |
|---------------------------|-----------|
| Realized Gain | \$561,000 |
| Less: Recognized Gain | \$86,000 |
| Equals: Unrecognized Gain | \$475,000 |

Substitute Basis Computation

| | |
|-----------------------------------|-------------|
| Market Value of Acquired Property | \$2,000,000 |
| Less: Unrecognized Gain | \$475,000 |
| Plus: Acquisition Costs | \$0 |
| Equals: Substitute Basis | \$1,525,000 |