

**SUPPLEMENTAL ESCROW INSTRUCTIONS**

§1031 Reinvestment In Lieu of a Cash-Out Sale

**NOTE:** This form is used by a seller's agent or escrow officer when handling the seller's cash sale of property in a delayed §1031 reinvestment plan, to authorize escrow to disburse the cash sales proceeds to a trustee for funding the seller's future acquisition of replacement property.

**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 will 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 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, will 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. [RPI Form 251]

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

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

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

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

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

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

§1031 Trustee: \_\_\_\_\_

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