



# SUPPLEMENTAL ESCROW INSTRUCTIONS

§1031 Reinvestment In Lieu of a Cash-Out Sale — Part cash, Part Paper

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 §1031 Trustee named below, as Trustee for the Trust entitled: The \_\_\_\_\_ Trust, holds the following:
    - a. cash sum of \$\_\_\_\_\_; and
    - b. a promissory note in the face amount of \$\_\_\_\_\_ executed by the Buyer in favor of the Trustee and secured by a deed of trust on the subject property.
  - 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 disbursements of items originally provided for in your instructions.
  - 1.4 You are instructed to draft the promissory note and trust deed, which your present instructions call for the Buyer to execute, to reflect the payee of the note and beneficiary of the trust deed to be:
 

" \_\_\_\_\_, as the Trustee,  
for The \_\_\_\_\_ Trust."  
Address \_\_\_\_\_.

    - a. You are instructed to deliver these documents or cause them to be delivered to the trustee on the close of escrow.
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 declaration of trust creating a trust to receive and hold as the trust estate the amounts and items delivered to the Trustee by escrow on the close of this escrow.

See attached Signature Page Addendum. [ft Form 251]

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

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

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

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

Trustee: \_\_\_\_\_

See attached Signature Page Addendum. [ft Form 251]

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

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

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