

EXCHANGE AGREEMENT

Note: Complies with all California codes, and IRC §1031

Dated: _____ at _____, California.

(Items left blank or unchecked are not applicable)

PROPERTIES TO BE EXCHANGED ARE AS FOLLOWS:

- 1. BETWEEN FIRST PARTY, _____ who will deliver THE FIRST PROPERTY, located in the City of _____ County _____ State _____ described as _____
- 1.1 Equity in the First Party's property \$ _____
- 1.2 Closing contingent on Second Party obtaining a trust deed loan to provide the first party \$ _____ payable \$ _____ monthly, including interest at _____% per annum. VIR
- 1.3 TOTAL encumbrances Second Party to take title subject to, OR assume \$ _____
 1st: Amount \$ _____ Monthly payment \$ _____ Interest rate _____%, VIR
 2nd: Amount \$ _____ Monthly payment \$ _____ Interest rate _____%, VIR
 due _____
- 1.4 TOTAL value of first property \$ _____
- 1.5 The total value includes delivery of the following personal property: _____

- 2. AND SECOND PARTY, _____ who will deliver THE SECOND PROPERTY, located in the City of _____ County _____ State _____ described as _____
- 2.1 Equity in the Second Party's property \$ _____
- 2.2 Closing is contingent on First Party obtaining a trust deed loan to provide the second party . . . \$ _____ payable \$ _____ monthly, including interest at _____% per annum. VIR
- 2.3 TOTAL encumbrances First Party to take title subject to, OR assume \$ _____
 1st: Amount \$ _____ Monthly payment \$ _____ Interest rate _____%, VIR
 2nd: Amount \$ _____ Monthly payment \$ _____ Interest rate _____%, VIR
 due _____
- 2.4 TOTAL value of second property \$ _____
- 2.5 The total value includes delivery of the following personal property: _____

3. TERMS OF EXCHANGE:

- 3.1 CASH PAYMENT: First Party, or Second Party to pay other party the cash sum of \$ _____
- 3.2 NOTE: First Party, or Second Party to execute to the other party a purchase money note secured by a trust deed on the property to be received, in the amount of \$ _____ payable \$ _____ monthly or more including interest at _____% per annum, all due and payable _____ years from closing.
 - a. See attached Seller Carryback Disclosure Statement. [Form 300]
 - b. A UCC-1 financing statement to be executed on any personal property received.
 - c. A Request for Notice of Delinquency to be provided. [Form 412]
 - d. Grantee to hand Grantor a completed credit application on acceptance. [Form 302]
 Grantor may terminate the agreement within _____ days of acceptance based on disapproval of Grantee's credit. [Form 183]
- 3.3 ADDITIONAL PROPERTY: _____ Party to deliver to other party the following property _____ with an equity of \$ _____

- 3.4 At closing, loan balance differences disclosed in beneficiary statement(s) shall be adjusted:
 by cash, or in the carryback note, or in total value.
- 3.5 Each grantor to assign all existing lease and rental agreements to the other party. [Form 595]
- 3.6 Taxes, premiums on insurance (if applicable), interest, other expenses and rent to be prorated to closing.
 Grantees to: furnish new insurance policies, assume existing insurance policies.

4. Contingencies and property disclosures:

- 4.1 A smoke detector(s) exists in compliance with the law or shall be installed at Grantor's cost prior to closing.
- 4.2 First Party, or Second Party may terminate this agreement within _____ days of acceptance by reasonably disapproving, in writing to the other party, the conditions checked below:
 - a. Inspection of income and expense statements and leases on the property to be received, which documents are to be submitted for inspection within 3 days after acceptance.
 - b. Inspection of the property for physical and title conditions sufficient to adequately establish equity.
 - c. Approval of a Natural Hazards Disclosure statement on the property [Form 314]
- 4.3 **For additional terms and conditions, see attached addendums consisting of _____ pages.**

5. CLOSING CONDITIONS:

- 5.1 This offer to exchange shall be deemed revoked unless a written acceptance is delivered within _____ days of date hereof, to the First Party or his real estate agent named below. After acceptance, brokers are authorized to extend performance dates up to one month, including closing.
- 5.2 This transaction to be escrowed or closed with _____.
 Par ties to deliver signed instructions to escrow or closing agent as soon as reasonably possible after acceptance. Each Party to pay its customary escrow or closing charges.
- 5.3 Within _____ days after acceptance, escrow or closing agent to be handed all instruments needed to close.
- 5.4 Title to be vested in party to whom the property is delivered, and be free of liens and encumbrances other than those set forth herein. Title to be subject to covenants, conditions, restrictions, reservations and easements of record, if any.
- 5.5 Title shall be insured by _____
 CLTA, or ALTA form policy of title insurance and to be paid by Grantor, or Grantee.
- 5.6 Possession of property and keys/access codes to be delivered on closing.
- 5.7 If a party is unable to convey a marketable title within a reasonable period of time, or if the improvements on said property are destroyed or materially damaged prior to transfer of title, then upon the other party's demand, all documents and funds deposited into escrow shall be returned to the party depositing same upon such demand. Each Grantee has no present intent to alter the use of the property after acquisition.
- 5.8 Both parties to this exchange reserve their right to assign and agree to cooperate in effecting an Internal Revenue Code §1031 transaction prior to closing. [Forms 172 series or 173 series]
- 5.9 Broker is authorized to report the exchange and its terms for dissemination and use by licensed participants in trade associations and listing services.
- 5.10 **BROKERAGE FEES:** Brokerage fees due which may be shared by brokers include: _____
 - a. First Party to pay \$ _____ on closing to his Broker: _____
 - b. Second Party to pay \$ _____ on closing to his Broker: _____
 - c. On wrongful prevention of the change of ownership by either party, such party to then pay all brokerage fees.
 - d. See attached Agency Disclosure Addendum and Agency Confirmation Statement. [See Forms 305 & 306]

FIRST PARTY: I agree to the terms stated above.

Date: _____
 Address: _____
 _____ Phone: (____) _____
 First Party: _____
 First Party: _____

SECOND PARTY: I agree to the terms stated above.

Date: _____
 Address: _____
 _____ Phone: (____) _____
 Second Party: _____
 Second Party: _____