



U.S. CENTURY BANK

1031 EXCHANGE SERVICES

A SMART STRATEGY FOR REAL ESTATE INVESTORS

✓ What Is a 1031 Exchange?

A **1031 Exchange** refers to Section 1031 of the Internal Revenue Code, which allows a real estate investor or business owner to defer capital gains taxes by reinvesting the proceeds from the sale of an investment or business-use property into another qualifying investment property. Taxes are deferred, not eliminated, and the exchange must follow specific IRS rules and timelines.

✓ How a 1031 Exchange Works (High-Level)

A successful 1031 Exchange generally involves:

- Selling a qualifying investment or business-use property (the Relinquished Property)
- Reinvesting all equity and debt into one or more qualifying replacement properties of equal or greater value
- Engaging a **Qualified Intermediary (QI)** to facilitate the exchange and hold sale proceeds in a restricted escrow account
- Completing the transaction within strict IRS-mandated timelines

✓ Key IRS Timeframes

Timing is critical:

- **45 days** to identify potential replacement properties in writing
- **180 days** to complete the purchase of the replacement property(ies)

Failure to meet these deadlines may result in a taxable transaction.

✓ The Role of U.S. Century Bank

U.S. Century Bank supports clients considering a 1031 Exchange by providing secure, restricted deposit services used in the exchange process. The Bank:

- Offers escrow-style deposit accounts used by the QI
- Helps safeguard exchange funds using established banking controls
- Supports coordination with clients and their professional advisors

U.S. Century Bank does not act as a Qualified Intermediary and does not provide tax or legal advice.

✓ Our 1031 Exchange Partnership

U.S. Century Bank has partnered with an experienced QI in our local markets, **The Private Exchange Group, Inc.**, to support clients considering a 1031 Exchange.



The Private Exchange Group, Inc. provides education, documentation, and exchange administration. U.S. Century Bank supports the process by offering secure deposit services and relationship-based guidance.

✓ Who Can Benefit from a 1031 Exchange?



Business Owners & Real Estate Investors

- Looking to reinvest proceeds from the sale of investment or business-use real estate
- Interested in preserving capital and maintaining growth momentum
- Considering acquiring one or multiple replacement properties



Attorneys, CPAs & Professional Advisors

- Advising clients on real estate transactions or long-term portfolio strategy
- Looking to help clients avoid costly mistakes through early planning
- Seeking to coordinate with a QI and banking partner



Buyers, Sellers & Closing Participants

- Involved in the sale or purchase of investment property
- Looking to avoid last-minute surprises during the transaction
- Interested in a more coordinated, efficient closing process

Whether you are investing, advising, or closing a transaction, early awareness of a 1031 Exchange can make a meaningful difference.

✓ Next Steps

If you are considering selling an investment property, speak with your U.S. Century Bank relationship manager to learn more about:

- Whether a 1031 Exchange may be worth discussing with your advisors
- How a QI can help guide the process
- How U.S. Century Bank can support the exchange through secure deposit services

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