



Wealth  
Management

**CITY NATIONAL BANK**  
AN RBC COMPANY

# 1031 Exchange Services From City National Bank

City National® is a member of the Federation of Exchange Accommodators (FEA), the national trade organization representing Qualified Intermediaries for 1031 exchanges. City National's Certified Exchange Specialist® can guide you through the exchange process.

## What Is a 1031 Exchange?

Section 1031 of the tax code allows you to defer capital gains taxes, state taxes and depreciation recapture on the sale of real property if you purchase replacement "like-kind" real property through a Qualified Intermediary within 180 days of the original sale date. Once escrow closes, the sale proceeds will be held by your Qualified Intermediary until the funds are needed for the purchase of a replacement property.

## What Is a 'Like-Kind' Property?

"Like-kind" property means any improved or unimproved real estate held for investment or business use. For example, improved real estate can be replaced with unimproved real estate; vacant land can be replaced with an apartment complex; an office building can be exchanged for retail; and so on. A taxpayer's primary residence does not qualify for 1031 treatment. Real property within the U.S. cannot be exchanged for property outside the country.<sup>1</sup>

## Preserve the Value of Your Real Estate Investments

With City National Bank as your Qualified Intermediary, your money is safe and generally earning interest for you. We'll invest your funds into a money market account or other deposit account, and any interest earned will be credited to your account.

## The Exchange Process With City National

- Execute a purchase agreement with a buyer and open escrow.
- Appoint City National Bank as your Qualified Intermediary.
- City National Bank will draft the required documents to assign rights to the purchase agreement.
- Once escrow closes, your sale proceeds will be directed to a segregated City National Bank account.
- Starting the day after escrow closes, you will have 45 days to find a replacement property.
- Depending on which occurs first, you will have 180 days from the day after escrow closes or by the due date of your tax return (including extensions) to acquire a replacement property.
- In writing, ask City National Bank to fund escrow for the purchase of the replacement property.

## Who Can Qualify for a 1031 Exchange?

Any owner of investment and business real property — individuals, corporations, partnerships, limited liability companies, trusts and other taxpaying entities — may qualify for an exchange.

**For more information, contact your  
RBC Wealth Management-U.S. financial advisor  
for a referral to City National Bank.**

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### Investment and Insurance Products:

- Are Not Insured by the FDIC or Any Other Federal Government Agency
- Are Not Deposits of or Guaranteed by a Bank or Any Bank Affiliate • May Lose Value

<sup>1</sup> City National Bank, as a matter of policy, does not give tax, accounting, regulatory or legal advice. City National Bank's role is limited to serving as Qualified Intermediary to facilitate 1031 exchanges. City National Bank does not make any warranties or representations regarding the tax consequences of any exchange transaction. The effectiveness of any 1031 exchange strategies will depend on the unique characteristics of the reader's situation and on a number of complex factors. Rules in the areas of law, tax and accounting are subject to change and open to varying interpretations. Exchange services are not intended to be used and cannot be used for the purpose of avoiding any tax penalties that may be imposed. Before implementation, you should consult with your other advisors on the tax, accounting and legal implications of a 1031 tax-deferred real property exchange based on your particular circumstances. The summary and description of qualified exchanges and "like-kind" properties are for illustration purposes only and not intended to be exhaustive.

All loans, lines of credit and other credit products are subject to credit approval. Additional terms and conditions apply. Deposit products and services are provided by City National Bank.

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