**EXCHANGE AGREEMENT**

This **EXCHANGE AGREEMENT** (“**Exchange Agreement**”) is made as of **1/4/2017** between **NAME OF REALTY, LLC,** with an address of **123 Main Street**, **Brooklyn, NY 11206-4208** (“**Taxpayer**”) and **Blue Latitude 1031X LLC, with an address of, with an address 113 14 72nd Road, Unit 3A**, a New York limited liability company (“**Qualified Intermediary**”).

**INTRODUCTION**

1. Taxpayer owns the property located at or commonly known as:

**123 Main Street, Brooklyn, NY**

(“**Relinquished Property**”), and desires to exchange for other property of like-kind and qualifying use within the meaning of Section 1031 of the Internal Revenue Code (“**Code**”) and the Treasury Regulations promulgated thereunder (“**Regulations**”); and

**2.** Taxpayer entered into a purchase and sale agreement dated: **1/11/1111** (“**Relinquished Property Contract**”) to transfer the Relinquished Property to: **NAME OF PURCHASER**  (“**Purchaser**”) for an amount equal to (“**Gross Sales Price**”).

The Relinquished Property shall be transferred to the Purchaser on or about **1/11/2011** (“**Relinquished Property Closing Date**”).

**3** Qualified Intermediary desires to acquire the Relinquished Property in exchange for one or more other properties of like-kind and qualifying use within the meaning of Section 1031 of the Code and the Regulations referred to herein as the Replacement Property (“**Replacement Property**”); and

**4.** It is the intention of the parties that Qualified Intermediary, subject to the terms and provisions of this Exchange Agreement and acting as a qualified intermediary, shall acquire the Relinquished Property and transfer it to Purchaser and shall acquire the Replacement Property and transfer it to Taxpayer, as provided in the **Qualified Intermediary Safe Harbor** of Regulations Section 1.1031(k)-1(g)(4).

**NOW, THEREFORE**, in consideration of the mutual promises herein contained, Taxpayer and Qualified Intermediary agree as follows:

# SECTION ONE

**1.1** **Assignment and Acceptance of Relinquished Property Contract**: Taxpayer agrees to transfer (as permitted in Regulations Section 1.1031(k)-1(g)(4)(iii)) the Relinquished Property to Qualified Intermediary and Qualified Intermediary agrees to acquire (as permitted in Regulations Section 1.1031(k)-1(g)(4)(iii)) the Relinquished Property upon the terms and conditions set forth in this Exchange Agreement. The Relinquished Property shall be transferred to Qualified Intermediary subject to the right of Purchaser.

Taxpayer agrees to assign to Qualified Intermediary, all of Taxpayer’s rights (but not its obligations) in the Relinquished Property Contract, and Qualified Intermediary agrees to accept assignment from Taxpayer of Taxpayer’s rights (but not its obligations) in the Relinquished Property Contract.

**1.2** **Notice of Assignment to Relinquished Property Purchaser:** On or before the Relinquished Property Closing Date, Taxpayer will provide written notice to Purchaser that Taxpayer’s rights in the Relinquished Property Contract have been assigned to Qualified Intermediary.

**SECTION TWO**

**2.1 Consideration for the Exchange**: In consideration for the transfer of the Relinquished Property to Qualified Intermediary by Taxpayer, Qualified Intermediary shall acquire the Replacement Property and transfer it to Taxpayer.

**2.2 Identification of Replacement Property:** At any time prior to the expiration of the period beginning on the Relinquished Property Closing Date and ending on midnight on the 45th day after the Relinquished Property Closing Date (“**Identification Period**”), Taxpayer may identify Replacement Property by written notice signed by Taxpayer and sent to Qualified Intermediary in any manner described by Regulations Section 1.1031(k)-1(c)(2). Said notice shall contain a detailed description of the Replacement Property and shall be sent to Qualified Intermediary at the address provided in Section 7.1 prior to the expiration of the Identification Period.  Taxpayer may, at any time prior to the expiration of the Identification Period, revoke an identification and identify substitute Replacement Property in substitution of any Replacement Property previously identified.

**2.3 Acquisition of One or More Replacement Properties:** If Taxpayer identifies Replacement Property before the expiration of the Identification Period, Qualified Intermediary shall acquire and transfer to Taxpayer each Replacement Property that Taxpayer directs Qualified Intermediary to acquire. Such transfer or transfers shall occur prior to the end of the period commencing on the Relinquished Property Closing Date and ending on the earlier of (i) 180 days after the Relinquished Property Closing Date, or (ii) the due date of Taxpayer’s federal income tax return for the year in which the Relinquished Property Closing Date occurs, determined with extensions (“**Exchange Period**”), at the purchase price or prices, and upon such terms and conditions, including, but not limited to, conditions of title, as shall have been approved by Taxpayer.

**2.4** **Assignment and Acceptance of Replacement Property Contracts**: Taxpayer will enter into any purchase and sale agreement for the acquisition of the Replacement Property (“**Replacement Property Contract**”) and Taxpayer will assign its rights (but not its obligations) under each Replacement Property Contract to Qualified Intermediary. It is understood and agreed by Taxpayer that Qualified Intermediary shall be under no obligation to execute or take assignment of any contract, or to do any other act or thing contemplated by this Exchange Agreement, the Relinquished Property Contract or the Replacement Property Contract without, in each case, receiving a written instrument from Taxpayer in form and substance satisfactory to Qualified Intermediary, which written instrument shall contain such directions, releases, representations, warranties and indemnities as Qualified Intermediary shall reasonably require.

**2.5** **Notice of Assignment to Replacement Property Seller**: On or before the Replacement Property Closing Date, Taxpayer will provide written notice to the seller under said Replacement Property Contract, that Taxpayer’s rights in said Replacement Property Contract have been assigned to Qualified Intermediary.

**2.6 Relinquished Property Equity:** For the purposes of this Exchange Agreement, the term “**Relinquished Property Equity**” is deemed to be the Gross Sales Price of the Relinquished Property **less** the sum of the following items: (i) the unpaid principal, interest and fees due on any loan secured by the Relinquished Property as of the Relinquished Property Closing Date, (ii) transactional items that relate to the disposition of the Relinquished Property and appear under local standards in the typical closing statement as the responsibility of the seller (i.e., brokers’ commissions, recording charges, state, city or other transfer taxes, mortgage taxes, other governmental gains taxes, title insurance premiums, escrow fees, messenger fees, exchange fees, and similar items) and (iii) cash at closing to seller in the amount of $476,631.79..

**2.7       Qualified Intermediary Fee:** As consideration for Qualified Intermediary’s acquisition and transfer of Relinquished Property to Purchaser and acquisition and transfer of Replacement Property to Taxpayer, Qualified Intermediary shall receive a fee of **$1,250.00, and a fee of $250.00 for each replacement property purchased in excess of two replacement properties.**  Qualified Intermediary shall also receive reasonable compensation for any special services which may be rendered by Qualified Intermediary, and for administering the Qualified Exchange Trust Account, as hereinafter defined.  Such fees, charges, and other compensation shall be paid to the Qualified Intermediary from the Qualified Exchange Trust Account.

**SECTION THREE**

**3.1 Relinquished Property Prorations:** With respect to the Relinquished Property, the same apportionments and adjustments shall be made as of Relinquished Property Closing Date between Taxpayer and Qualified Intermediary as are made between Qualified Intermediary and Purchaser pursuant to the Relinquished Property Contract.

**3.2 Replacement Property Closing Date:** The “**Replacement Property Closing Date**” shall be designated by Taxpayer in a notice to Qualified Intermediary, and shall be no later than the end of the Exchange Period.

**3.3 Replacement Property Prorations:** With respect to the Replacement Property, the same apportionments and adjustments shall be made as of the Replacement Property Closing Date between Taxpayer and Qualified Intermediary as are made between Qualified Intermediary and the seller of each Replacement Property pursuant to the Replacement Property Contract relating thereto.

**3.4 Closing Adjustments:** All adjustments and payments shall be made between Taxpayer and Qualified Intermediary as of the Relinquished Property Closing Date, or the Replacement Property Closing Date, as appropriate, by either (i) good and sufficient certified check of Qualified Intermediary or Taxpayer, as the case may be, drawn on a bank or banks which are members of the New York Clearing House, (ii) official check or checks of such bank(s), or a combination of any such checks, or (iii) wire transfer of immediately available funds.

**3.5 Direct Deeding:** For purposes of this Exchange Agreement, a conveyance by Taxpayer to Qualified Intermediary, or by Qualified Intermediary to Taxpayer, includes, respectively, a direct conveyance from the Taxpayer to a third party purchaser of the Relinquished Property, or from a seller of Replacement Property to Taxpayer, at the direction of, and in satisfaction of the obligations of Qualified Intermediary under this Exchange Agreement. The Qualified Intermediary shall for purposes of this Exchange Agreement be considered to have acquired the Relinquished Property and transferred it to the Purchaser and to have acquired the Replacement Property and transferred it to Taxpayer as provided by Regulations Sections 1.1031(k)-1(g)(4)(iii) and 1.1031(k)-1(g)(4)(iv).

**3.6 Replacement Property Acquisition:** If Taxpayer designates Replacement Property in accordance with the terms of this Exchange Agreement, Qualified Intermediary shall proceed to acquire the Replacement Property by (i) taking assignment from Taxpayer of one or more Replacement Property Contracts for the purchase of Replacement Property, and (ii) closing the acquisition of such Replacement Property within the Exchange Period, subject, however, at all times to all the terms of this Exchange Agreement and the Replacement Property Contract(s). Taxpayer acknowledges that in connection with Qualified Intermediary’s acquisition of the Replacement Property, Qualified Intermediary shall have the right to disclose to the seller of Replacement Property that Qualified Intermediary is, and is only acting as, Taxpayer’s qualified intermediary within the meaning of the Regulations. Taxpayer shall indemnify and hold Qualified Intermediary harmless from any and all liability to the seller of the Replacement Property. Qualified Intermediary shall transfer to Taxpayer all Replacement Properties prior to the end of the Exchange Period by direct deed from the seller of the Replacement Property to Taxpayer.

**SECTION FOUR**

**4.1 Qualified Exchange Trust Agreement:** In order to secure Qualified Intermediary’s obligations to purchase Replacement Property and transfer it to Taxpayer, Qualified Intermediary shall enter into a **Qualified Exchange Trust Agreement** (“**Trust Agreement**”) as defined by Regulations Section 1.1031(k)-1(g)(3)(iii) and deposit the Relinquished Property Equity into a trust account with **Blue Latitude 1031X** , as trustee (“**Trustee**”), of which the Taxpayer shall be a beneficiary. The Taxpayer's interest in such trust shall be referred to herein as the **"Qualified** **Exchange Trust Account**." The assets of the trust account are segregated from Qualified Intermediary’s assets. The Relinquished Property Equity shall constitute the Qualified Exchange Trust Account.

**4.2 Withdrawals from the Qualified Exchange Trust Account:** Qualified Intermediary shall be entitled to withdraw funds from the Qualified Exchange Trust Account in order (i) to make earnest money deposits on Replacement Property, and (ii) to pay the balance of the purchase price due on the purchase of Replacement Property. Withdrawals shall only be made upon Qualified Intermediary’s receipt of signed written authorization from Taxpayer. Such authorization shall give detailed written notice to Qualified Intermediary no less than two (2) business days prior to any disbursement by Qualified Intermediary. The amount of the Qualified Exchange Trust Account shall be reduced by (x) the amount of any withdrawals authorized by Taxpayer and made by the Qualified Intermediary under this Exchange Agreement, and (y) the Qualified Intermediary’s fees and other expenses for which the Qualified Intermediary is entitled to be paid pursuant to this Exchange Agreement.

**4.3 Restrictions On the Qualified Exchange Trust Account Under Treasury Reg. 1.1031(k)-1(g)(6): No amounts held in the Qualified Exchange Trust Account and no amounts held by Qualified Intermediary shall be paid, loaned, pledged or otherwise made available to Taxpayer until either (i) Taxpayer fails to identify Replacement Property by written notice to the Qualified Intermediary prior to the 46th day from the Relinquished Property Closing Date; (ii) Taxpayer has received all of the Replacement Property to which it is entitled under the Exchange Agreement; (iii) funds remain in the Exchange Trust Account after the end of the Exchange Period; or (iv) a material and substantial contingency occurs after the expiration of the Identification Period that relates to the exchange, is provided for in writing, and is beyond the control of Taxpayer and of any disqualified person as that term is described in Treasury Regulation 1.1031(k)-1(k), other than the person obligated to transfer the Replacement Property to the Taxpayer; provided, however, that the Qualified Exchange Trust Account shall terminate on the day after the Exchange Period expires (or as soon thereafter as is practical) and BMO Harris Bank, N.A. shall, in satisfaction of Qualified Intermediary’s remaining obligations under this Exchange Agreement, pay any remaining amount in the Qualified Exchange Trust Account to Taxpayer.**

**Accordingly, Taxpayer recognizes and acknowledges that cash held in the Qualified Exchange Trust Account may not be available to Taxpayer until the end of the Exchange Period even if it becomes clear that such cash rather than Replacement Property will ultimately be distributed to Taxpayer.**

In the event that Qualified Intermediary has executed or accepted an assignment of one or more Replacement Property Contracts which have not been acquired by Qualified Intermediary within the Exchange Period, and Qualified Intermediary reasonably determines that it may be liable at law or in equity under such Replacement Property Contracts, the funds in the Qualified Exchange Trust Account will not be paid to Taxpayer until such time as Qualified Intermediary obtains a complete release of liability under such Replacement Property Contracts.

**4.4 Reporting Interest Income:** Taxpayer and Qualified Intermediary acknowledge and agree that Qualified Intermediary will report to the Internal Revenue Service the interest income accumulated in the Qualified Exchange Trust Account, and that such amount will be attributed to Taxpayer for Federal income tax purposes. The parties further agree to comply with any future IRS regulations, rulings, procedures, or announcements which are applicable to the transactions contemplated by this Exchange Agreement.

**SECTION FIVE**

**5.1 Advances and Indemnities:** If for any reason whatsoever Qualified Intermediary shall make any payments or advances or incur any expenses pursuant to this Exchange Agreement, the Relinquished Property Contract or the Replacement Property Contract, or shall incur any expenses by reason of being a party to any litigation in connection with or arising out of any of the terms and provisions of this Exchange Agreement, the Relinquished Property Contract or the Replacement Property Contract, whether as a tax, or for breach of contract, injury to person or property, or fines or penalties under any law including, without limitation, under any federal, state or local law with respect to environmental matters or hazardous wastes, or otherwise, Taxpayer shall pay to Qualified Intermediary on demand, with interest at the Default Rate (as hereinafter defined), the amount of all such payments, advances or expenses made or incurred by Qualified Intermediary, plus all of Qualified Intermediary’s out-of-pocket expenses and attorneys’ fees. Neither Qualified Intermediary nor the Trustee shall be required to pay any funds being held in the Qualified Exchange Trust Account or any part of it until all of such payments, advances or expenses made or incurred by Qualified Intermediary (including Qualified Intermediary’s fees and costs) shall have been paid, together with interest (at the Default Rate) where required hereunder. Neither Qualified Intermediary nor the Trustee shall be obligated to pay any money under this Exchange Agreement, the Trust Agreement, the Relinquished Property Contract, or the Replacement Property Contract to prosecute or defend any legal proceeding involving this Exchange Agreement, the Relinquished Property Contract or the Replacement Property Contract unless it is furnished with sufficient funds or is indemnified by Taxpayer to Qualified Intermediary’s satisfaction. Notwithstanding anything to the contrary contained in this Exchange Agreement, neither Qualified Intermediary nor the Trustee shall be under any obligation to disburse any part of the funds in the Qualified Exchange Trust Account if Qualified Intermediary reasonably determines that it may be held accountable to any person or entity for any amount of money or for any other damages or remedies, including those of an equitable nature, unless it shall elect to do so and is furnished with sufficient funds or is indemnified by Taxpayer to Qualified Intermediary’s satisfaction.

**5.2 No Personal Liability:** Taxpayer hereby agrees that Qualified Intermediary shall not be required to assume or bear any personal obligation or liability in dealing with the Relinquished Property, the Replacement Property, the Relinquished Property Contract, the Replacement Property Contract or otherwise, or to make itself liable for any damages, costs, expenses, fines or penalties relating to or arising out of such properties or agreements. Qualified Intermediary shall not be liable for any loss, liability, expense, or damage to the Replacement Property occasioned by its, the Trustee’s, or any other person’s acts or omissions. Qualified Intermediary shall be liable only for its own willful misconduct or gross negligence, but not for honest errors of judgment. All contracts, agreements or other instruments executed by Qualified Intermediary pursuant to this Exchange Agreement, the Relinquished Property Contract or the Replacement Property Contract shall, as to Taxpayer and any person claiming by, through or under Taxpayer, be deemed to include a provision exculpating Qualified Intermediary from any personal liability thereunder. Taxpayer hereby agrees that Qualified Intermediary shall be held harmless and fully indemnified by Taxpayer for acting pursuant to the terms of this Exchange Agreement, the Relinquished Property Contract, or the Replacement Property Contract and this indemnity shall survive the end of the Exchange Period and the termination of this Exchange Agreement. Taxpayer’s designation of Qualified Intermediary to act on Taxpayer’s behalf pursuant to the terms of this Exchange Agreement is intended to conform to, and shall be construed in a manner consistent with, Section 1031 of the Code and the Regulations thereunder. Taxpayer shall transfer such additional funds to Qualified Intermediary as shall be necessary to protect Qualified Intermediary from any of the aforesaid liabilities or to enable the Qualified Intermediary to complete the conveyances of the Relinquished Property and the Replacement Property.

**5.3 Failure of Replacement Property:** Notwithstanding anything to the contrary contained herein, Qualified Intermediary shall not be in default under this Exchange Agreement and shall not be liable for any damages, losses or expenses incurred by Taxpayer if (i) Qualified Intermediary fails to take any steps to locate or negotiate for Replacement Property or borrow or locate funds to acquire Replacement Property, (ii) any Replacement Property fails to qualify as “like-kind” property, or (iii) the transaction otherwise fails, for any reason, to afford Taxpayer the benefits of Section 1031 of the Code.

**5.4 Authority:** Taxpayer represents and warrants to Qualified Intermediary that Taxpayer is duly authorized to enter into this Exchange Agreement and to consummate the proposed transactions contemplated hereunder.

**5.5 Taxpayer’s Due Diligence:** Qualified Intermediary makes no representation or warranty that the exchange contemplated by this Exchange Agreement, the Relinquished Property Contract, or the Replacement Property Contract qualifies, in whole or in part as a like-kind exchange within the meaning of Section 1031 of the Code. Taxpayer is solely responsible for (i) all tax consequences arising out of this Exchange Agreement, the Trust Agreement, the Relinquished Property Contract, or the Replacement Property Contract, and (ii) monitoring the expiration of the Identification Period and the Exchange Period. Taxpayer hereby represents to Qualified Intermediary that it has obtained independent professional advice from an attorney (or other advisor), who has reviewed this Exchange Agreement and associated documents regarding federal, state and local tax, legal and practical consequences of the transactions contemplated by this Exchange Agreement, the Relinquished Property Contract, the Trust Agreement, and the Replacement Property Contract, and Taxpayer expressly acknowledges and agrees that Taxpayer is not relying on any advice of Qualified Intermediary with respect to any of the matters set forth in this Exchange Agreement, the documents contemplated hereby, or as described under Section 1031 of the Code and the Regulations.

**SECTION SIX**

**6.1 Default Rate:** For purposes of this Exchange Agreement and where expressly set forth herein, the term “Default Rate” shall mean the rate of interest then most recently announced by TD Bank, N.A.. at New York, New York, as its “prime rate” plus two percent (2%).

**6.2 Successors and Assigns; Entire Agreement**: This Exchange Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, and except as otherwise herein provided, their assigns. This Exchange Agreement shall not be transferred or assigned by Taxpayer without the prior written consent of Qualified Intermediary. This Exchange Agreement, including all exhibits attached hereto and documents to be delivered pursuant hereto, shall constitute the entire agreement and understanding of the parties and, except for the Trust Agreement, there are no other prior or contemporary written or oral agreements, undertakings, promises, warranties or covenants not contained herein.

**6.3 Governing Law:** This Exchange Agreement shall be governed by and construed under the law of the State of Illinois. This Exchange Agreement shall not be recorded or filed in the public records of the State of Illinois or any other government or quasi-governmental body or office without prior written consent of Qualified Intermediary.

**6.4 Further Assurances:** Each of the parties hereto shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or necessary to carry out the intent and purposes of this Exchange Agreement and which are not otherwise inconsistent with any of the terms of this Exchange Agreement.

**6.5 Relationship of the Parties:** Nothing herein contained shall be construed or is intended to make Qualified Intermediary and Taxpayer partners or joint venturers of or with one another and this Exchange Agreement is not intended to and does not constitute or result in a partnership agreement. This Exchange Agreement does not render Qualified Intermediary liable for the debts or obligations of Taxpayer, and Qualified Intermediary is acting solely as Taxpayer’s agent for all purposes, except for federal and as, appropriate, state income tax purposes.

**6.6 Remedies; No Waiver of Rights:** All rights, remedies, or privileges afforded the Qualified Intermediary shall be deemed cumulative and not exclusive and the exercise of any one of such remedies shall not be deemed to be a waiver of any other right, remedy or privilege provided for herein or available at law or in equity. No failure by Qualified Intermediary to exercise, or delay by Qualified Intermediary in exercising, any right, remedy or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy or privilege hereunder preclude any other or further exercise thereof, or the exercise of any other right, remedy or privilege. No notice to or demand on Taxpayer shall, in itself, entitle Taxpayer to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of Qualified Intermediary under this Exchange Agreement.

**6.7 No Third Party Beneficiary:** None of the provisions of this Exchange Agreement shall be for the benefit of or enforceable by any creditor of the parties hereto or for the benefit of or enforceable by any third party.

**6.8 Survival of Covenants, Representations and Warranties:** The covenants and agreements contained in this Exchange Agreement, including, without limitation, any indemnities contained herein shall survive the termination of this Exchange Agreement and the consummation of the transactions contemplated hereby. All representations, warranties, covenants, and agreements made herein or in any certificate or other document furnished to a party hereto pursuant to or in anticipation of this Exchange Agreement shall be deemed to have been relied upon by the party to whom such certificate or other document is furnished notwithstanding any investigation heretofore or hereafter made, and shall continue in full force and effect as long as there remains unperformed any obligation hereunder.

**6.9 Propriety of Signatories:** Qualified Intermediary shall not be required to inquire into the propriety or authenticity of any signature or direction given it by Taxpayer or Taxpayer’s attorney-of-record under this Exchange Agreement or any other document required or delivered to Qualified Intermediary under this Exchange Agreement. By way of example only and without limitation, Qualified Intermediary may rely on faxed (facsimile or telecopier), e-mail, and other electronically transmitted directions, communications, and signatures from Taxpayer without requirement to inquire into the propriety or authenticity of any such direction, communication or signature.

**6.10 Reimbursement for Attorney’s Fees:** If Qualified Intermediary commences an action against or defends an action to enforce any of the terms hereof or because of the purported breach of any of the terms hereof, then Qualified Intermediary shall be entitled to receive from Taxpayer full reimbursement of its attorneys’ fees and other costs and expenses incurred in connection with the prosecution or defense of such action.

**6.11 Litigation and Dispute Resolution:** The Supreme Court of New York County, New York shall have exclusive jurisdiction over any suit between the parties arising out of or in any way relating to the subject matter of this Exchange Agreement. The parties hereby consent to the jurisdiction of that court and waive any objection to venue in that court. Moreover, the parties waive any right to trial by jury on any claim or counterclaim with respect to any matter arising out of or in any way relating to the subject matter of this Exchange Agreement.

**6.12 Force Majeure:** Neither Qualified Intermediary nor Trustee shall be liable to Taxpayer for any failure or delay in performance if such failure or delay is occasioned by (i) compliance with government regulation, request or order, or (ii) circumstances beyond the reasonable control of Qualified Intermediary or Trustee, including but not limited to, Act of God, war, insurrection, fire, flood, earthquake, accident, strike or other labor disturbance, interruption of or delay in transportation or power failure. Accordingly, Taxpayer is strongly urged to take steps to schedule the acquisition of all Replacement Property sufficiently before the expiration of the Exchange Period so that any unforeseen delay will not result in a violation of the time constraints imposed by Section 1031 of the Code and the Regulations.

**6.13 Counterpart Documents:** This Exchange Agreement may be executed in two or more identical counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

**6.14 Severability:** In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal, or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

**6.15 FIRPTA Certification:** Under penalties of perjury,Taxpayer hereby certifies the following: (i) Taxpayer is not a “Foreign Person” as defined by Section 1445 of the Code and the Treasury Regulations;(ii) Taxpayer’s United States taxpayer identification number is true and correct as provided below in Section Seven; (iii) Taxpayer’s home address [or “office address” if Taxpayer is an entity] is accurate as provided below in Section Seven; and (iv) Taxpayer is not subject to backup withholding under Section 3406 of the Code.

**6.16 Special rules for exchanges in washington state:**

Washington state law, RCW 19.310.040, requires an exchange facilitator to either maintain a fidelity bond in an amount of not less than one million dollars that protects clients against losses caused by criminal acts of the exchange facilitator, or hold all client funds in a qualified escrow account or qualified trust.

**SECTION SEVEN**

**7.1 Notices to Parties:** Any notice, designation, consent, approval or other communication required or permitted to be given pursuant to the provisions of this Exchange Agreement (“**Notice**”) shall be given in writing and shall be sent by certified or registered mail, Federal Express, overnight courier, or fax, e-mail or other electronic means to the addresses provided herein.

Notices provided to **Taxpayer** shall be addressed as follows:

|  |  |
| --- | --- |
| **Name:** | NAME OF REALTY, LLC |
| **Address:** | **123 Main Street** |
| **Address:** |  |
| **City, State, Zip:** | **Brooklyn, NY 11206-4208** |
| **Phone:** | **\_\_\_\_\_\_\_\_** |
| **Fax:** | **\_\_\_\_\_\_\_\_** |
| **E-mail:** | **\_\_\_\_\_\_\_\_** |
| **Tax ID Number:** |  |
| **Date of Birth:** | **\_\_\_\_\_\_\_\_** |
| **If Taxpayer is an individual:** | **Is Taxpayer a U.S. Citizen?**  **Yes  No** |
| **If Taxpayer is an entity:** | **List members holding an interest of 10% or more.** |

Notices provided to **Attorney-of-Record** shall be addressed as follows:

|  |  |
| --- | --- |
| **Name:** |  |
| **Address:** |  |
| **Address:** |  |
| **City, State, Zip:** |  |
| **Phone:** |  |
| **Fax:** |  |
| **E-mail:** |  |

Notices provided to **Qualified Intermediary** shall be addressed as follows**:**

|  |
| --- |
| **Blue Latitude 1031X LLC** |
| **ATTN: Andrew Levine** |
| **113 14 72ND Road Unit 3a** |
| **Forest Hills, NY 11375** |
| **917-648-6888 Alevine@bluelatitudeconsulting.com** |

Either party may, by Notice given in accordance with the provisions of this Section Seven, designate any further or different address to which subsequent Notices shall be sent pursuant to the provisions of this Exchange Agreement. Any Notice shall be deemed to have been given on the date such Notice shall have been delivered. If such delivery shall be made on a Saturday, Sunday, or holiday, said Notice shall be deemed to have been given on the next succeeding business day, except for Identification of Replacement Property pursuant to the provisions of Section Two, Paragraph 2.2.

**IN WITNESS WHEREOF**, the parties hereto have caused this Exchange Agreement to be duly executed as of the day and year first above written.

**TAXPAYER:**

**NAME OF REALTY, LLC**

**By:**

## QUALIFIED INTERMEDIARY:

**BLUE LATITUDE 1031X LLC**

**By:**

**Its: Andrew Levine, President**

QUALIFIED EXCHANGE TRUST AGREEMENT

This **QUALIFIED EXCHANGE TRUST AGREEMENT** (“**Trust Agreement**”) is made as of **1/4/2017** among  **Blue Latitude 1031X LLC, with an address 113 14 72nd Road, Unit 3A** (“**Trustee**”) **under Trust No.** (“**Qualified Intermediary**”), and: **NAME OF REALTY, LLC, with an address of 123 Main Street, Brooklyn, NY 11206-4208 (“Taxpayer”).**

**INTRODUCTION:**

**1.** Taxpayer is the owner of the property located at or commonly known as:

**123 Main Street, Brooklyn, NY**

**2.** Qualified Intermediary desires to acquire the Relinquished Property; and

**3.** Taxpayer does not wish to sell the Relinquished Property for cash but instead desires to exchange the Relinquished Property for other property of like-kind within the meaning of Section 1031 of the Internal Revenue Code of 1986 (as amended, the “**Code**”), and the Regulations promulgated thereunder (the “**Regulations**”); and

**4.** Qualified Intermediary and Taxpayer have entered into an Exchange Agreement with respect to the Relinquished Property (“**Exchange Agreement**”); and

**5**. Qualified Intermediary and Taxpayer have agreed that Qualified Intermediary will use the trust contemplated by this Trust Agreement to secure its obligations to complete a tax-deferred exchange within the meaning of Section 1031 of the Code and the Regulations; and

**6**. Unless otherwise indicated, all capitalized and defined terms used in this Trust Agreement shall have the meaning assigned in the Exchange Agreement; and

**7.** Qualified Intermediary, Taxpayer, and Trustee intend that this Trust Agreement create a “**Qualified Trust**” within the meaning of Regulations Section 1.1031(k)-1(g)(3) and an express trust under Illinois law of which Taxpayer shall be the sole beneficiary.

**NOW THEREFORE**, it is mutually agreed as follows:

# SECTION ONE

**1.1** On or before the Relinquished Property Closing Date (as defined in the Exchange Agreement), Qualified Intermediary shall deposit the Relinquished Property Equity (as defined in the Exchange Agreement) with Trustee in a trust account (the “**Trust**”). Taxpayer's interest in the Trust shall be referred to herein as the “**Exchange Trust Account**.“ The Relinquished Property Equity shall initially constitute the Exchange Trust Account.

**1.2** Trustee, as directed by Qualified Intermediary, shall invest and reinvest the assets of the Trust, including the assets of this Exchange Trust Account, in any money market fund, short-term cash instruments or other fixed income securities with an investment objective to maximize current  income to the extent consistent with the preservation of capital and the maintenance of liquidity. The Exchange Trust Account shall be increased proportionately by earnings from the investment of the Trust assets.

# SECTION TWO

**2.1** Except as provided in Section 2.3, the Exchange Trust Account shall be used only to make required earnest money deposits and to complete the acquisition of Replacement Property consistent with the Exchange Agreement.

**2.2** **For the avoidance of doubt, the Exchange Trust Account shall not constitute property of either Qualified Intermediary’s estate or Trustee’s estate under section 541 of title 11 of the United States Code (the “Bankruptcy Code”) in the event either Qualified Intermediary or Trustee becomes a debtor under the Bankruptcy Code. Qualified Intermediary and Trustee hereby acknowledge and agree that any and all actions by Taxpayer to enforce any rights of Taxpayer or obligations of either Qualified Intermediary or Trustee herein or in connection herewith shall not be a violation of any provision of title 11 of the Bankruptcy Code, including, without limitation, section 362 of the Bankruptcy Code, or require the approval of any court with jurisdiction over any case in which either Qualified Intermediary or Trustee, or any of their affiliates, is a debtor. Qualified Intermediary and Trustee hereby waive any provision of the Bankruptcy Code necessary to invoke the foregoing, including, without limitation, sections 105 and 362, and waive any right to defend against any motion for relief from the automatic stay that may be filed by either Qualified Intermediary or Trustee.**

**2.3** Taxpayer shall have no right to receive, pledge, borrow or otherwise obtain the benefits of the Exchange Trust Account prior to one of the following occurrences: (1) Taxpayer fails to identify Replacement Property by written notice to the Qualified Intermediary prior to the 46th day from the Relinquished Property Closing Date (“Identification Period”); (2) Taxpayer has received all of the Replacement Property to which it is entitled under the Exchange Agreement; (3) funds remain in the Exchange Trust Account after the end of the Exchange Period (as defined in the Exchange Agreement); or (4) a material and substantial contingency occurs after the expiration of the Identification Period that relates to the exchange, is provided for in writing, and is beyond the control of Taxpayer and of any disqualified person as that term is described in Treasury Regulation 1.1031(k)-1(k), other than the person obligated to transfer the Replacement Property to the Taxpayer. Upon such occurrence, the unexpended and unapplied Exchange Trust Account shall be paid to the Taxpayer, and the Trust shall thereupon terminate. Trustee shall not be obligated to pay any funds in the Exchange Trust Account to the Taxpayer in the event that Qualified Intermediary has not obtained the releases described in the Exchange Agreement.

# SECTION THREE

**3.1** Trustee shall hold, administer, and dispose of all the trust’s property pursuant to the terms of this Trust Agreement.

**3.2** Trustee shall have no liability whatsoever arising out of its investment of funds in the Exchange Trust Account. Taxpayer and Qualified Intermediary each agree to hold Trustee, its employees, agents and directors (“Indemnified Parties”) harmless against and to indemnify Indemnified Parties for any loss, liability, claim or expense (including reasonable attorneys fees) that arises out of or in connection with this Trust Agreement (except to the extent of Trustee’s gross negligence or willful misconduct), and this indemnity shall survive the end of the Exchange Period and the termination of this Trust Agreement. Trustee shall not be in default under this Trust Agreement and shall not be liable for any damages, losses or expenses incurred by Taxpayer if the transaction fails, for any reason, to afford Taxpayer the benefits of Section 1031 of the Code. Trustee makes no representation or warranty that the exchange contemplated by this Trust Agreement qualifies, in whole or in part as a like-kind exchange within the meaning of Section 1031 of the Code.

Taxpayer is solely responsible for (i) all tax consequences arising out of this Trust Agreement and (ii) monitoring the expiration of the Identification Period and the Exchange Period. Taxpayer hereby represents to Trustee that it has obtained independent professional advice from an attorney (or other advisor), who has reviewed this Trust Agreement and associated documents regarding federal, state and local tax, legal and practical consequences of the transactions contemplated by this Trust Agreement. Taxpayer expressly acknowledges and agrees that Taxpayer is not relying on Trustee with respect to any of the matters set forth in this Trust Agreement, the documents contemplated hereby, or as described under Section 1031 of the Code and the Regulations.

Trustee shall not be required to inquire into the propriety or authenticity of any direction given it by Qualified Intermediary, Taxpayer, or Taxpayer’s attorney-of-record under this Trust. Anyone who may deal with Trustee shall not be required or privileged to inquire into the necessity or expediency of any act of Trustee or into the provisions of this Trust Agreement. Trustee shall not be required to assume any personal obligations or liability in dealing with the Exchange Trust Account or to make itself personally liable for any risks, damages, costs, expenses, fines, or penalties. Except as may be expressly set forth in a separate agreement, neither Qualified Intermediary nor Taxpayer is the agent of Trustee for any purpose, and neither has any authority to act for, or in the name of Trustee or to obligate Trustee personally or otherwise.

# SECTION FOUR

**4.1** This Trust Agreement shall be governed by and construed in accordance with the law of the State of Illinois. In this Trust Agreement the plural includes the singular and vice versa. Each of the terms and provisions of this Trust Agreement is and is deemed severable in whole or in part, and if any term or provision or the application thereof in any circumstances should be invalid, illegal or unenforceable, the remaining terms and provisions or application thereof to circumstances other than those as to which a term or provision is held invalid, illegal, or unenforceable, shall not be affected and they shall remain in full force and effect. This Trust Agreement and the rights and obligations of the parties hereto shall inure to the benefit of and shall bind the parties hereto and their respective successors and assigns. In the event Taxpayer terminates, dissolves, or dies prior to the time of distribution of any property otherwise distributable to Taxpayer, said property shall be distributed to Taxpayer’s successors or assigns or, in the event of Taxpayer’s death, to his/her estate.

**4.2** All notices to be given under this Trust Agreement shall be in writing and served personally or by registered or certified mail, or overnight courier, to the parties and Taxpayer at the addresses provided herein. Each such notice shall be deemed served on the date on which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be.

**4.3** Qualified Intermediary, Trustee, and Taxpayer acknowledge and agree that, for federal income tax purposes, interest income earned on the Exchange Trust Account will be attributed to Taxpayer, and that Qualified Intermediary will report to the Internal Revenue Service the income earned on the Exchange Trust Account. Trustee agrees to comply with reasonable written direction from Qualified Intermediary intended to cause the transactions contemplated by this Agreement to comply with any future IRS regulations, rulings, procedures, or announcements.

**4.4**. Neither Qualified Intermediary nor Trustee shall be liable to Taxpayer for any failure or delay in performance if such failure or delay is occasioned by (i) compliance with government regulation, request or order, or (ii) circumstances beyond the reasonable control of Qualified Intermediary or Trustee, including but not limited to, Act of God, war, insurrection, fire, flood, earthquake, accident, strike or other labor disturbance, interruption of or delay in transportation or power failure. Accordingly, Taxpayer is strongly urged to take steps to schedule the acquisition of all Replacement Property sufficiently before the expiration of the Exchange Period so that any unforeseen delay will not result in a violation of the time constraints imposed by Section 1031 of the Code and the Regulations.

**4.5.** In the event that one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal, or unenforceable, the validity, legality, and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

**TRUSTEE:**

**BLUE LATITUDE 1031X LLC**

**By: By:**

**Its: Vice President Its: Vice President**

**QUALIFIED INTERMEDIARY:**

**BLUE LATITUDE 1031X LLC**

### By:

**Its: Vice President**

**TAXPAYER:**

**NAME OF REALTY, LLC**

### By:

**ASSIGNMENT, ACCEPTANCE, AND DIRECTION TO CONVEY**

##### RELINQUISHED PROPERTY CONTRACT

#### ASSIGNMENT

**Date: January 4, 2017**

For value received, **NAME OF REALTY, LLC** (“**Taxpayer**”) hereby transfers, sets over, and assigns the portion of its right, title, and interest (but not its obligations) in and to the purchase and sale agreement (“**Relinquished Property Contract**”)net of cash received at closing in the amount of $ for the property located at or commonly known as:

**123 Main Street, Brooklyn, NY**

to Chicago Deferred Exchange Company, LLC (“**Qualified Intermediary**”) under an Exchange Agreement (“**Exchange** **Agreement**”) between Taxpayer and Qualified Intermediary dated: **1/4/2017.**

### TAXPAYER:

**NAME OF REALTY, LLC**

## By:

#### ACCEPTANCE AND DIRECTION TO CONVEY

**Qualified Intermediary** hereby accepts this Assignment of Taxpayer’s right, title, and interest (but not Taxpayer’s obligations), effective as of the date first above written, and exercising its discretion under the Exchange Agreement, directs the Taxpayer to convey, on behalf of and consistent with the rights of the Qualified Intermediary under the Exchange Agreement, the Relinquished Property directly to the **Purchaser**.

**QUALIFIED INTERMEDIARY:**

**BLUE LATITUDE 1031X LLC**

**By:**

**Its: Andrew Levine, President**

**NOTICE OF ASSIGNMENT TO PURCHASER**

You are hereby notified that all of Taxpayer’s right, title, and interest (but not its obligations) in and to the Relinquished Property Contract have been assigned to Qualified Intermediary, under the Exchange Agreement between Taxpayer and Qualified Intermediary.

**Purchaser acknowledgement**

**NAME OF BUYER LLC**

**By:**

**WIRE**

**TRANSFER**

## INSTRUCTIONS

**Bank: TD Bank NA**

**2 Wall Street**

**New York, NY 10005**

**Payable to: Account Blue Latitude 1031X LLC**

**Number: Routing 026013673**

**Number: Credit To 4328076066**

**Escrow No: Amount**

**Further Credit To: Trust Account No.:**

**Trust Name: NAME OF REALTY, LLC**

**Telephone Confirmation:**

**CUSTOMER IDENTIFICATION VERIFICATION**

**FOR INDIVIDUALS**

Customer Type:  U.S. Person  Non-U.S. Person Trust Account No.123456

**Customer Information:**

Name(s)

Address

City, State, Zip

Phone No. \_\_\_\_\_\_\_\_

Tax ID Number(s)

Date(s) of Birth \_\_\_\_\_\_\_\_

ALL TRUST ACCOUNTS REQUIRE **TWO FORMS OF VERIFICATION**  
OF IDENTITY FOR EACH LISTED ACCOUNT HOLDER

(Check boxes below for the documents you are providing)

**NOTE: One form of Identification must have a current home address**

Driver’s License/State ID Card/Other Legal Picture Identification:

Number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ State of Issue: \_\_\_\_\_\_\_ Expiration Date: \_\_\_\_\_\_\_\_\_\_\_

Number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ State of Issue: \_\_\_\_\_\_\_ Expiration Date: \_\_\_\_\_\_\_\_\_\_\_

Number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ State of Issue: \_\_\_\_\_\_\_ Expiration Date: \_\_\_\_\_\_\_\_\_\_\_

Passport/Military ID Card

Number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Country of Issue: \_\_\_\_\_\_\_ Expiration Date: \_\_\_\_\_\_\_\_\_\_\_

Alien Registration Card

Accountant prepared financial statement (most recent period)

Current Customer Utility Bill/Pay Stub

**\*\*\*\*** If you are **NOT** a U.S. Citizen, please provide the following in addition to the above:

Employer’s name

Nature of business/occupation

Length of time with current employer

Please provide a W-9/W-8

**PLEASE ATTACH COPIES OF VERIFICATION DOCUMENTS**

**AND RETURN WITH YOUR EXCHANGE AGREEMENT.**

**CUSTOMER IDENTIFICATION VERIFICATION**

**FOR LEGAL ENTITIES**

Trust Account No.123456

**Customer Information:**

Name(s)

Address

City, State, Zip

Phone No. \_\_\_\_\_\_\_\_

Tax ID Number(s)

Publicly Traded Entity

Privately Held Corporation

LLC

Partnership

Trust -- Type:

Other:

State & Date of Legal Formation

Nature of Business

Exempt entity:  Government Entity **(If your organization qualifies as an**

**Exempt Entity, check the appropriate box**

State Bank or Federal Financial Institution **and attach to your Exchange Agreement.**

**No verification is required.)**

**ALL TRUST ACCOUNTS REQUIRE \*\*\* TWO FORMS OF VERIFICATION; \*\*\*\*  
OF IDENTITY FOR EACH LISTED ACCOUNT HOLDER**

(Check boxes below for the documents you are providing for your organization)

**Certificate of Registration or Good Standing [required for domestic corporations]**

**Articles of Incorporation or Organization/Partnership or Operating Agreement/Trust Agreement/Land Trust Agreement**

**Government issued Business License**

**Accountant prepared financial statements (most recent period)**

**Secretary of State Inquiry**

**PLEASE ATTACH COPIES OF VERIFICATION DOCUMENTS**

**AND RETURN WITH YOUR EXCHANGE AGREEMENT.**

\*\*\* **CONTINUED ON NEXT PAGE \*\*\***

Trust Account No. **Account Name:** NAME OF REALTY, LLC

**If your entity is privately held and not a regulated financial institution or a Non-Bank financial institution, you must list all shareholders, members, partners or beneficiaries controlling at least 10% of the customer entity and include the following information:**

**1) Full Name Ownership percentage**

**2) Full Name Ownership percentage**

**3) Full Name Ownership percentage**

**4) Full Name Ownership percentage**

**5) Full Name Ownership percentage**

**List Controlling Parties[[1]](#footnote-1)**

**a) Full Name**

**b) Full Name**

**c) Full Name**

1. **In what country is the entity’s primary business operations located?**

1. **In what countries does the entity conduct business?**
2. **In what industry does the entity operate/participate**
3. **Does the entity operate/participate in an “inherently high risk” industry?**  **Yes  No**

**(Examples of an “inherently high risk industry” would be a manufacturer or dealer in arms, a dealer in precious metals, stones, or jewels, an owner of gaming or gambling establishments, foreign business entities, or an entity that does business in high risk countries.)**

1. **Is the entity a business unit organized under foreign law that, if it were located in the U.S. would be a securities broker/dealer, futures commission merchant, introducing broker in commodities, or a mutual fund?  Yes  No**

**Is the entity a money transmitter or currency exchange organized under foreign law?**

**Yes  No**

1. **Will the entity be engaging in international transactions through the account?**

**Yes  No If yes, to which countries?**

1. A Controlling Party is any person that possesses the authority to set policy or direct the management of the entity. This can be any of the following: **ownership; type of voting rights; key management position; or other position of controlling influence**. Controlling Parties may include, but are not limited to: **senior management; Beneficial Owners with an ownership share of 10% or more; owners with influential voting rights; contracting officers; and Mandataries (e.g., lawyers or those possessing power of attorney).**  [↑](#footnote-ref-1)