Contact IPX1031 for more information or to schedule a seminar.

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Investment Property Exchange Services, Inc.
a Fidelity National Financial Company **FORTUNE 500**

www.IPX1031.com

Member: Federation of Exchange Accommodators

1031 Exchange Highlights

§1031 Exchange Solutions Nationwide

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Did You Know?

§1031 exchanges provide investors with one of the best tax strategies for preserving the value of an investment portfolio. By using an exchange the investor is able to defer capital gain taxes that would otherwise be incurred on the sale of investment property.

The investor can then use the entire amount of the equity to purchase substantially more replacement property. To qualify as an exchange the relinquished and replacement properties must be qualified "like-kind" properties and the transaction must be structured as an exchange. Using Investment Property Exchange Services, Inc. as the "Qualified Intermediary" will provide the investor with the necessary reciprocal transfer of properties to create the exchange and the "Safe Harbor" protection against actual and constructive receipt of the exchange funds as required by §1031.

Why Choose IPX1031?

Investment Property Exchange Services, Inc.

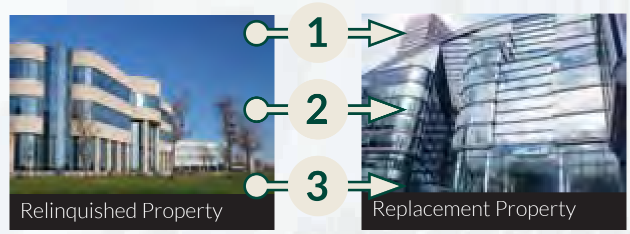
- $100 million fidelity bond coverage
- $50 million written performance guaranty
- $30 million professional liability insurance
- Regional attorneys and experienced exchange sales and processing team
- Expertise in all exchange structures including:
  - » Simultaneous/Delayed
  - » Construction/Improvement
  - » Reverse
- Complimentary exchange consultations
- Timely document preparation
- Accredited exchange workshops and seminars
- Informative, educational resources

Exchange Requirements

As a general rule of thumb, to avoid paying any capital gain taxes in an exchange, the investor should always attempt to:

1. Purchase equal or greater in value.
2. Reinvest all of the equity in replacement property.
3. Obtain equal or greater debt on replacement property.

Exception: A reduction in debt can be offset with additional cash from exchanger, but increasing debt cannot offset a reduction in exchange equity.



Calculating the Capital Gains Tax

The gain, not the profit or equity, from the sale of investment property is subject to the combination of capital gain taxes and the tax on recapture of depreciation. It is possible for an investor to have little or no equity or profit upon sale and still owe capital gain taxes. Investors should consult with their tax or legal advisors prior to entering into an exchange.

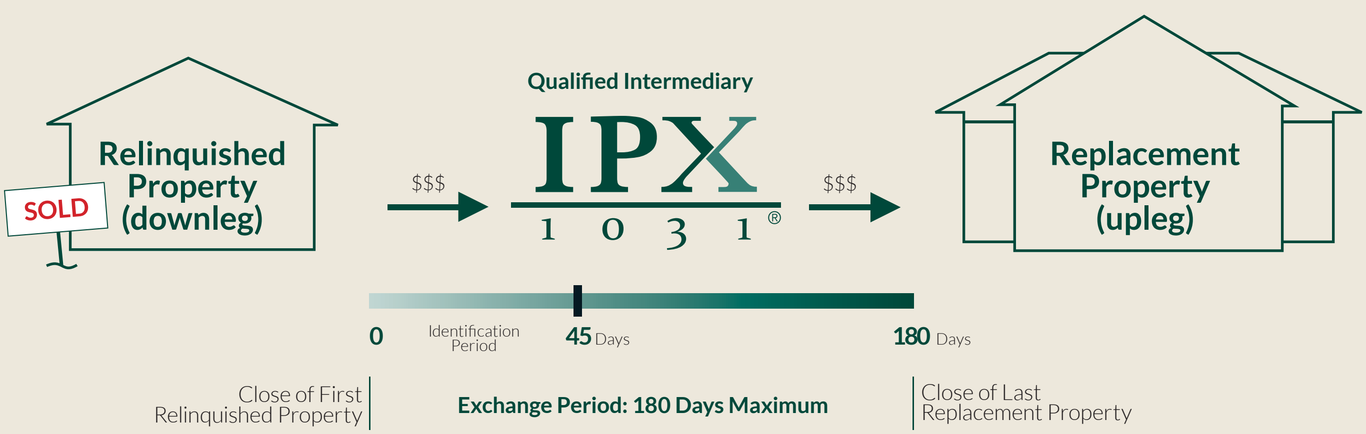
See our website at www.IPX1031.com for an online estimator.

IPX1031 has provided its clients with **Superior Qualified Intermediary Services** for over two decades.

The Exchange Process

The steps for completing an exchange with IPX1031 are relatively simple.

- The exchanger signs a contract to sell a relinquished property to the buyer.
- IPX1031 and the exchanger enter into the exchange agreement to retain IPX1031 as the Qualified Intermediary and the exchanger assigns the exchanger's rights in the sale contract to IPX1031.
- At the closing of the relinquished property the exchange funds are wired to IPX1031 and IPX1031 instructs the settlement officer to transfer the deed directly from the exchanger to the buyer.
- The exchanger has a maximum of 180 days in the exchange period (or until the tax filing deadline, including extensions, for the year of the sale of the relinquished property), to acquire all replacement property.
- The exchanger must identify possible replacement properties in writing to IPX1031 within the 45-day identification period.
- The exchanger signs a contract to purchase the replacement property with the seller and the exchanger assigns the exchanger's rights in the purchase contract to IPX1031.
- At the closing of the replacement property IPX1031 wires the exchange funds to complete the exchange and IPX1031 instructs the settlement officer to transfer the deed directly from the seller to the exchanger.



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Tax Benefits of Exchanges

Whether the investor's property is owned free and clear or encumbered, the benefits of a tax deferred exchange are significant. The tax dollars saved by an exchange can be utilized to purchase additional investment property.

Compare a sale vs. an exchange with the following assumptions:

- Investor sells property with no debt for $1,000,000
- The property has been fully depreciated and has a basis of $100,000
- The property has been owned for more than 12 months
- Assume a combined tax rate of at least 25% (federal capital gain, depreciation recapture, net investment income tax, and state)

	Exchange	Sale
Equity	$ 1,000,000	$ 1,000,000
Basis	$ 100,000	$ 100,000
Gain	$ 900,000	$ 900,000
Estimated Tax	**$ NONE**	**$ 225,000**

Result: The investor who exchanges is able to defer taxes and purchase replacement property worth at least $225,000 more than the investor who sells and reinvests with after-tax dollars.

"Like-Kind" Property

To qualify as a "like-kind" property for a §1031 exchange the investor's relinquished property and replacement properties must be property that has been and will be held for productive use in the investor's trade or business or for investment.