

ExStra is the only Accommodator dedicated only to reverse exchanges

ExStra is dedicated exclusively to excellence in the execution of reverse 1031 exchanges. We rely on our alliances with a variety of Qualified Intermediaries who perform delayed exchanges with exceptional skill, attention to detail and a commitment to asset security.

Contact ExStra at 1-877-487-1031 to discuss your optimal exchange strategy.



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Specialists in Reverse 1031 Exchanges

Reverse Exchange Services

- Standard Exchange First and Exchange Last
- Build-to-Suit or Improvement Exchanges
- Composite or Hybrid Exchanges
- Non-Safe-Harbor Reverse Exchanges
- Extension of Safe-Harbor Reverse Exchanges Past 180 Days
- Reverse Exchange Programs Compliant with Rev. Proc. 2003-39, with optional assembly

Exchange Strategies Corporation
877-487-1031

www.exstra1031.com

Exchange Strategies Corporation

Reverse 1031 LKE Programs for Heavy Equipment



ExStra
Reverse Exchanges Done Right

Reverse Equipment LKEs are a Well Kept Secret.

In a reverse exchange, the New Property is acquired before the Old property is sold.

The Accommodator's Role. The primary role of the Accommodator is, in simple terms, to hold or "park" the equipment involved in the exchange on behalf of the Exchanger until the Old Equipment can be sold to its ultimate buyer.

The Same Tax Deferral. Both delayed and reverse LKE programs provide the same potential tax deferral on gains resulting from the sale of Old Equipment.

Fees. When costs over the life of a reverse LKE program are considered, and return on capital included, the reverse LKE program is likely to cost less than a delayed LKE program.



For more information, visit our website or call to speak directly with an Exchange Officer who'll be delighted to assist you in developing your optimal exchange strategy.

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The Optimal Exchange Strategy Includes Better Asset Management, Higher Return on Capital and Reduced Risk.

There are three primary benefits of reverse equipment exchanges.

Superior Asset Management. In a reverse LKE, the acquisition of New Equipment triggers the start of the parking arrangement. The 45-day ID requirements apply to Old Equipment. The timing of acquisitions can therefore coincide with business requirements rather than exchange deadlines. And, the ID requirements are far easier to meet because Old Equipment is known at the serial number level.

Return on Capital. In a delayed LKE, the cash proceeds of Old Equipment sales go to a QI until New Equipment is bought. The cash earns virtually nothing for the Exchanger. The QI, on the other hand, earns interest and fees from the bank they use to hold the funds. When using a reverse LKE, the assets – both Old and New – can be productively deployed for much longer, shifting more return on capital back to the Exchanger, where it belongs.

Reduced Risk. In a delayed LKE program, specific exchanges can fail if assets are not correctly identified and/or not acquired within the deadlines. Reverse LKE programs involve the identification of assets from among those already owned, making their sale as part of the exchange far more likely. In addition, delayed LKE programs involve having a QI hold the cash proceeds of Old Asset sales. The risks associated with cash held in this manner have recently proven to be very real. In a reverse LKE, holding title to equipment in a separate, fully-secured and bankruptcy remote LLC presents virtually no risk of asset loss due to theft or business failure.

It's simple, really. Our reverse LKE programs have been carefully structured to make the day-to-day acquisition and disposition nearly effortless.

- **Master Exchange Documents.** Initially, a set of master exchange documents are put in place. A specialized LLC structure is also implemented. These are done once and remain in place for the duration of the program.
- **Simple Acquisitions.** When new equipment is acquired, an LLC takes title to the equipment to be parked and the Exchanger need only sign brief addenda to the Master agreements.
- **Simple Dispositions.** When old equipment is sold, assets are moved from the LLC with a Bill of Sale. The Exchanger only need sign a brief addendum to the Master agreements.

Return on Capital. In a reverse LKE, assets usually provide some kind of positive net income based on rents, project fees, depreciation, taxes, cost of capital, etc. and these factors can be used to calculate the Return on Capital (ROC). ROC in a reverse LKE is often positive and inures to the benefit of the Exchanger.

In a delayed LKE, the earnings of the cash sale proceeds of Old Assets is the ROC. The QI typically shares little, if any, of these earnings with the Exchanger and the ROC in a delayed LKE inures primarily to the QI.

The fees for a reverse LKE are, surprisingly, similar to those for a typical delayed LKE.

ROC is a superior metric for assessing the real economic results of a particular exchange strategy and ExStra can help with the calculation.