

ExStra is the only Accommodator focused only on reverse exchanges

ExStra does not perform standard delayed or deferred exchanges. We do have alliances with a variety of Qualified Intermediaries who perform delayed exchanges with exceptional skill, attention to detail and dedication to absolute asset security for each Exchangor.

Contact ExStra at 1-408-879-7220 to discuss you optimal exchange strategy.



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The information in this brochure should not, under any circumstances, be considered tax advice.

Specialists in Reverse 1031 Exchanges

Reverse Exchange Services

- Standard Exchange First and Exchange Last
- Complex Exchange First and Exchange Last
- Build-to-Suit Reverse Exchanges
- Non-Safe-Harbor Build-to-Suit Exchanges
- Extension of a Safe-Harbor Reverse Past 180 Days
- Applicable to many asset categories in addition to real estate.

Exchange Strategies Corporation
900 E. Hamilton Ave. Suite 100
Campbell, CA 95008
www.exstra1031.com

Exchange Strategies Corporation

Safe-Harbor Reverse Exchanges

A brief description of how
reverse exchanges work.



ExStra
Reverse Exchanges Done Right

Thousands of Reverse Exchanges are Successfully Performed Every Year.

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" one of the properties involved in the exchange on behalf of the Exchangor until the Old Property can be sold to its ultimate buyer.

The basics of the process. The Accommodator acquires the property to be parked using funds arranged by the Exchangor. Typically, these arrangements are a combination of direct and 3rd party loans to the Accommodator. The loans are secured by the property. The property is then net-leased back to the Exchangor during the exchange period.



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 Often Involves a Reverse Exchange. Is Your Strategy Optimal?

There are three basic forms of reverse exchange.

Exchange Last. In this form, the Exchangor negotiates a purchase of the New Property and assigns the purchase agreement to the Accommodator. The Accommodator acquires and holds title to the New Property. The Exchangor still has the responsibility of negotiating and closing the sale of the Old Property within 180 days. When the Old Property is sold, a simultaneous exchange involving the Accommodator and the Exchangor is executed and the reverse exchange is complete. This form is recommended when the Exchangor has the ability to acquire the New Property for cash or has engaged a cooperative lender – one who will participate in reverse exchanges.

Exchange First. Here, the Exchangor arranges to buy the New Property and "sells" the Old Property to the Accommodator just prior to the close of the New Property as part of a simultaneous 1031 exchange. The Exchangor still has the responsibility of negotiating and closing the sale of the Old Property to its ultimate buyer within 180 days.

Build-to-Suit. This form involves an Exchange Last in which improvements are made to the New Property during the 180 day exchange period. A Construction Management Agreement with the Exchangor is formed that allows the improvements to be made and their value to be included in the exchange value of the New Property.

Reverses done right.

Many Accommodators do reverse exchanges but few are dedicated to excellence in their execution. There are a few basic things that can make all the difference:

- Reverse exchange processes should be subjected to regular independent review to ensure they are in sync with the IRS and the courts.
- A separate LLC should be formed for each exchange and not reused.
- Exchangors should get a written guarantee that the Accommodator will satisfy all the federal and state tax obligations that result from the execution of a reverse exchange.
- Exchangors should be made aware of the state-wise differences that exist in treatment of reverse exchanges.

Economics. Reverse exchanges typically have higher fees because there is no cash for the QI to hold. QIs make money primarily by earning interest on the cash they hold.

However, the real cost of exchange should be computed using factors other than just the fee. For example, if your Old Property is producing income, you'll lose that income in a deferred exchange. In a reverse exchange, you can keep the income stream until the Old Property is sold to its ultimate buyer.

If the income, less the reverse exchange fee, is greater than the interest income from your exchange proceeds in a deferred exchange, a reverse exchange could be less expensive.

Not all situations are this simple but it's always worth doing the calculation.