

# ExStra is the only Accommodator dedicated 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](http://www.exstra1031.com)

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## Safe-Harbor Reverse Exchanges

A brief description of basic  
reverse exchanges

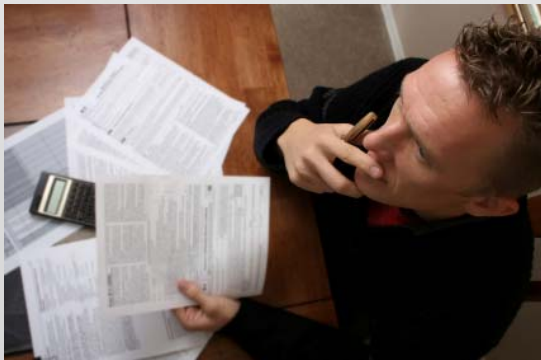


## Thousands of Reverse Exchanges are Successfully Performed Every Year.

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 Exchanger 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 Exchanger. Typically, these arrangements are a combination of direct and 3<sup>rd</sup> party loans to the Accommodator. The loans are typically secured by the property or guaranteed by the Exchanger. The property is then net-leased back to the Exchanger 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 indicated in a variety of situations and is especially useful when the Exchangor can acquire the New Property with cash.

**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.

**Improvement.** 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. In some cases, it is also possible to improve land already owned by an affiliate of the Exchangor and treat the improvements as the New Property in an exchange.

### 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:

- Each Exchanger should know that their strategy is optimal for their bottom line, not the Accommodator's.
- Reverse exchange processes should be subjected to regular, on-going independent review to ensure they comply with changing laws and decisions.
- A new, separate LLC should be formed for each exchange that is "customized" for the Exchanger in several key aspects.
- Exchangers should be made aware of the state-wise differences that exist in treatment of reverse exchanges.

*Economics. In a reverse involving rent-producing real estate, the income, taxes, depreciation, cost of money, fees, etc. are factors in a calculation of Return on Capital (ROC) during the exchange. ROC in a reverse is often positive and inures to the Exchanger.*

*In a delayed exchange, the earnings of the cash sale proceeds from the Old Property is the ROC. Typically, the QI shares little, if any, of these earnings with the Exchanger and the ROC in a delayed exchange inures primarily to the QI.*

*Reverse exchange fees may seem high but ROC is a better metric for determining the real economic results of an exchange.*

*Of course, we can help with the calculation of ROC for your situation. The results are often pleasantly surprising.*