

## WHY CHOOSE US TO ACT AS YOUR INTERMEDIARY?

- ✓ We are a Qualified Intermediary with substantial experience handling 1031 Tax Deferred Exchanges. When you select us, you not only benefit from tax deferred capital gains but also from the coordination of highly trained professionals who are constantly abreast of the latest information that might impact your exchange.
- ✓ Your funds will be financially secure. The full assets and resources of our \$2 billion parent company, First American Title Insurance Company, secure every exchange.
- ✓ You will receive prompt, professional service from us because meeting your business needs is our primary goal.
- ✓ You can be assured that we will be here when you need us because we are a subsidiary of the nation's largest title insurance company, First American Title Insurance Company, with over a century of experience.
- ✓ Your investment is protected with a \$12 million fidelity bond and \$22.5 million E & O policy.
- ✓ Your funds will earn an aggressive rate of interest which will be credited to your exchange credit account.
- ✓ Our 1031 exchange documents comply with all Internal Revenue Service Regulations.
- ✓ We will provide you with periodic reminders to assist you in meeting all your exchange transaction deadlines.
- ✓ We are a member of the Federation of Exchange Accommodators.

For further information, please call Janice Houff at (800) 929-7186, John Berkley at (800) 916-0888, or your local First American Title Insurance Company office.



First American Exchange Corporation professionals advise you to consult with a legal and/or tax advisor to ensure that your transaction meets 1031 requirements and is structured for your maximum benefit. We provide Intermediary services only.



## *First American Exchange Corporation*

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*a subsidiary of*

## *First American Title Insurance Company*

**QUALIFIED  
INTERMEDIARY SERVICES FOR  
1031 TAX DEFERRED EXCHANGES**

*Member of the  
Federation of Exchange Accommodators*

## FIRST AMERICAN EXCHANGE CORPORATION'S SERVICES

As your Intermediary, we will

- ✓ Prepare the exchange documents
- ✓ Coordinate the transaction with you, your tax advisor and closing agents
- ✓ Receive the net proceeds from the transfer of the relinquished property and invest them in an interest bearing account
- ✓ Provide you with periodic reminders of your exchange deadlines
- ✓ Prepare a complete, accurate and timely account summary which itemizes the receipt and disbursement of all exchange credit funds

Call our professionals or your local marketing representative and put the power of the nation's leading real estate-related financial and informational services corporation behind your exchange today.

We welcome the opportunity to add to your investment success.

## WHAT IS A 1031 TAX DEFERRED EXCHANGE?

A 1031 tax deferred exchange is the method by which a taxpayer who owns property which has been held for investment or in connection with a trade or business can exchange the property for like kind property which will be held for investment or in connection with a trade or business and defer paying taxes on some or all of the capital gains. For investments held by individuals, the deferral can continue through any number of exchanges until the tax liability is extinguished by death. The regulations which govern exchange transactions are in Section 1031 of the Internal Revenue Code.

The 1031 tax deferred exchange is a powerful tool. We can enable you to use more of your equity to acquire investment properties. Long favored for estate planning, an exchange can be employed to leverage, consolidate or diversify assets. Think of First American Exchange Corporation to move from a poor investment choice into a better income or equity position. We are international in scope, locally powerful and solidly connected in every state in the union.

## EXCHANGE TERMINOLOGY

**Exchangor/Taxpayer** – The entity or individual who wishes to participate in a 1031 tax deferred exchange.

**Relinquished Property** – The property which the Exchangor currently owns and is going to exchange.

**Exchange Credit** – The funds received from the transfer of the Exchangor's relinquished property.

**Replacement Property** – The property which the Exchangor acquires in the exchange.

**Growth Factor** – The interest earned on the exchange credit.

**Like Kind Property** – Replacement property acquired in an exchange must be of "like kind" to the property being relinquished. All real property is of like kind, regardless of whether it is improved or unimproved, and regardless of the type of improvements. EXCEPTIONS: 1) Real property located outside of the United States; 2) Exchangor's primary residence; 3) Inventory; and 4) Improvements constructed after the Exchangor takes title to the replacement property.

**Boot** – Non like kind property received by the Exchangor such as cash or a promissory note. Boot is taxable.

## EXCHANGE DEADLINES

**Identification Period** – The Exchangor must identify replacement property(ies) within 45 days from the date of the first relinquished property closing.

**Exchange Period** – The exchange must be completed by the **earlier of**: 1) 180 days from the date of the first relinquished property closing; or 2) the due date of filing Exchangor's federal income tax return, together with all extensions, for the year the first relinquished property was transferred.

## IDENTIFICATION RULES

**3 Property Rule** – Up to three (3) properties can be identified without regard to their fair market value.

**200% Rule** – Any number of properties as long as their combined fair market value does not exceed 200% of the fair market value of all relinquished property.

**95% Rule** – Any number of properties regardless of their aggregate fair market value, provided 95% of the value of the identified properties are acquired.



**JANICE T. HOUFF**  
*President*

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**1031 EXCHANGES**  
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Call Janice T. Houff or John W. Berkley

- Qualified Intermediary Services
- Preparation of Exchange Documents