



The  
Fund

1031  
EXCHANGE  
SERVICES

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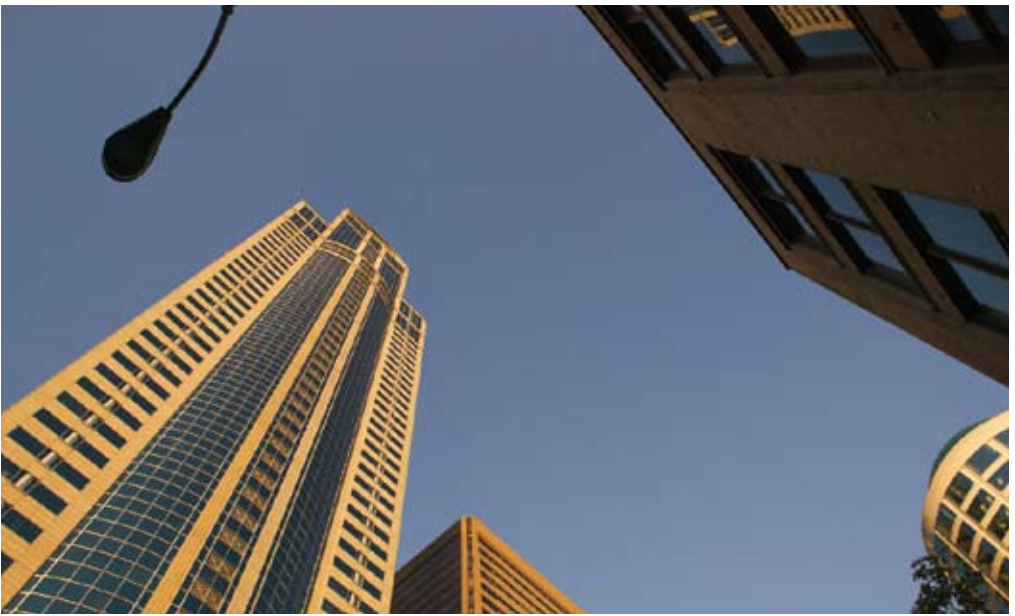
## ■ SAVE TIME, MAINTAIN CLIENT LOYALTY, AND ENHANCE SERVICES TO YOUR CLIENT

The Fund's 1031 Exchange Program enables Fund member agents to provide their clients with all the documentation and structure necessary to a successful like-kind tax-deferred exchange of real property held for investment or used in a trade or business, under Section 1031 of the Internal Revenue Code.

This service is offered by Florida Exchange, which acts as Qualified Intermediary, and by The Fund, which serves as the Custodial Escrow Agent.

You will be working with experienced intermediaries who have participated in thousands of exchanges, ranging from \$50,000 to \$50,000,000. Whether this is your first exchange or your tenth, you will be more knowledgeable, and you will be able to give your client and your client's tax advisor excellent service.

All the exchange documentation will be provided through your office, and will be subject to your review and editing. You remain fully involved with the transaction, enhancing your relationship with your client, and ensuring his or her continuing loyalty.



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## ■ WHAT WE DO FOR YOU AND YOUR CLIENT

Florida Exchange assists you and your client's tax advisor in making certain the transaction is properly structured and documented as an exchange. It provides you with the documents needed for an exchange, including the Exchange Agreement, Assignments, and Instructions to the Closing Agents.

Serving as the Escrow Agent, The Fund ensures that the exchanger's monies are safeguarded during the exchange period.

## ■ FREQUENTLY ASKED QUESTIONS

I'm the title agent for my client's exchange. What's the danger in holding the money in my trust account?

The Regulations under Section 1031 probably make you a "disqualified person." If you hold the money either as a "disqualified person" or as the agent of your client, your client may lose exchange treatment.

However, we provide an excellent solution. When you serve as title agent in your client's exchange, our Escrow Operations Department will receive the money and make all disbursements by check or wire. You prepare the customary closing documents and Settlement Statement, provide us with a disbursement sheet, and we do the rest.

We protect you and your client, while allowing you to maintain your involvement in, and control of, the transaction.



## Why use Florida Exchange and The Fund? Why not use my client's brother or brother-in-law, or my accountant, to save money?

There are two primary reasons. First, Florida Exchange is staffed with highly experienced intermediaries and is well versed in IRS regulations. While every client's transaction is unique, with Florida Exchange's experience it's quite likely your client's situation has already been encountered.

Second, the Regulations prohibit a "disqualified person" from being the Qualified Intermediary and from receiving or holding funds in an exchange. This includes not only the exchanger, but also his or her parents, siblings, and children, as well as professionals such as attorneys, accountants, and brokers (who have provided services to the exchanger within the preceding two years), and any other agents of the exchanger.

It's true that your brother-in-law is not a "disqualified person" – but what are his qualifications, and what happens if he is unavailable at a critical moment?



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Can my client trade a farm for a shopping center, or a condominium for an office building? What does “like-kind” really mean?


The answers are “yes” and “yes.” The rules for determining if real properties qualify for exchange are very simple. The determination of whether or not properties are “like-kind” is made by reference to state law, not tax law. Therefore, as long as the properties and/or improvements are “real property” under the law of the state in which the property is located, the exchange can be made. Of course, each property must be held for an investment motive, or for use in a trade or business (each determined under Section 1031).

Can residential property qualify for an exchange?

Yes, absolutely. Residential property, whether single-family homes, condominiums, or apartments, can qualify for 1031 – as long as they were rented to others (or otherwise held for investment).

What is the effect of taking cash out of an exchange? If the property is owned by a partnership, can some partners exchange, while others sell? Can my client sell three properties and buy only one, or sell one property and buy three?

Complex questions such as these are precisely why you should look to the experience of Florida Exchange and The Fund. We can assist you and your client’s tax advisor in finding the solution that will provide the greatest benefits to your clients.





Now you know.®

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