

Selecting an Accommodator for a Reverse or Improvement Exchange

The adage “you get what you pay for” is as true when selecting an Exchange Accommodation Titleholder (EAT) as it is when buying a car or booking a vacation. The key is to look for an Accommodator who will bring your exchange the best value, not necessarily the cheapest price.

The service, security and expertise of Accommodators vary tremendously from one company to another. To help our clients make sure they are doing an “apples-to-apples” comparison when selecting an EAT, we have prepared a list of due diligence questions and IPX1031’s answers. We are confident you will agree that when all the factors are considered, IPX1031 offers the best value for your exchange.

Structure

Has the Accommodator verified that their documents comply with the “safe harbor” provided in Revenue Procedure 2000-37?

- IPX1031 has gone to great lengths and expense to ensure that we are providing exchange documents that comply with Revenue Procedure 2000-37.
- Our documents were developed by the top attorneys in the field, and have been used in transactions structured by the country’s largest accounting and law firms.

Does the Accommodator use a special purpose entity to hold title to the parked property?

- In its parking transactions, IPX1031 always uses special purpose entities to hold title to parked property, usually a single member, limited liability company (“SPE”).
 - › Each of our SPEs is used for only one exchange or one Exchanger, depending upon the circumstances.
 - › Unless taken over by our clients, our SPEs are dissolved after the exchange is concluded.
 - › The Exchanger can manage the SPE, and is given the choice of name and state of formation.

Is the Accommodator comfortable discussing the various issues and structures involved in Reverse and Improvement Exchanges?

- IPX1031 is the industry leader with the experience and expertise to assist the Exchanger and its tax advisors in structuring any transaction.
- We have created a separate “National Reverse and Improvement Exchange Division” to ensure that your transaction is handled by a specialist. The staff includes attorneys and Certified Exchange Specialists®.

Expertise

How many Reverse Exchanges does the Accommodator handle each month?

- In recent years IPX1031 has averaged 50+ new Reverse or Improvement Exchanges per month.

Does the Accommodator have staff that specializes in Reverse Exchanges, or do they also have other responsibilities?

- IPX1031 has dedicated attorneys, Structuring Directors and Coordinators whose sole responsibility is handling Reverse and Improvement Exchanges.

How long has the Accommodator been facilitating Reverse Exchanges?

- IPX1031 had been facilitating Reverse and Improvement Exchanges since the company was founded in 1988.

Does the Accommodator have national experience or is their practice limited to certain geographic regions?

- IPX1031 handles Reverse and Improvement Exchanges nationwide.
- This broad national experience provides IPX1031 with the necessary expertise in real estate practices and closing procedures in all regions of the country.

Selecting an Accommodator for a Reverse or Improvement Exchange (CONT.)

Service

What type of service do you get for the fee? What documents are included? Are revisions possible? Is there any structuring consultation or issue spotting included in the Accommodator's service?

- IPX1031 strives to provide the highest level of customer service in the industry.
- Every parking transaction handled by IPX1031 begins in our highly trained Structuring Department. Our veteran staff reviews the details of each transaction, and with the involvement of the Exchanger's tax advisor, determines the best exchange structure for each transaction.
- The fees in a Reverse or Improvement Exchange are significantly higher than you will find in a Delayed/Forward Exchange. There is much more involved in the structuring stage, often requiring coordination with a third-party lender. The necessary documents are more sophisticated, and more numerous. Also, the everyday risks inherent in holding title to the parked property justify a higher fee. The typical documents in a "safe harbor" Reverse Exchange include:
 - › Qualified Exchange Accommodation Agreement
 - › Lease Agreement
 - › Loan Agreement (including Promissory Note and Pledge of SPE interest)
 - › Assignments
 - › Exchange Agreement (to complete the transaction)
- Although IPX1031 cannot take the place of a client's legal and tax advisors, IPX1031 will have in depth discussions with the Exchangers and their advisors on structuring the exchange. During the course of the transaction, IPX1031 will make every attempt to spot salient issues that may cause potential problems for the transaction and to suggest various strategies to overcome those issues.

Does the Accommodator meet the IRS tax filing requirements?

- IPX1031 fully complies with the requirements of Rev. Proc. 2000-37 regarding federal tax filing requirements.
- IPX1031 also reports ownership of parked properties for state purposes.

Security

Who is the Accommodation company and who backs them up?

- IPX1031 and the affiliated entities used in Reverse and Improvement Exchanges are subsidiaries of Fidelity National Financial, Inc., a Fortune 500 company.
- Fidelity National Financial is a publicly traded company (NYSE "FNF").
- As a publicly traded company, information on the financial strength of the company is available in the Investor Info section of FNF's website at www.investor.fnf.com.