

Take Advantage of
Today's Market With a
**Reverse 1031
Exchange**

William L. Exeter
President and Chief Executive Officer
Exeter 1031 Exchange Services, LLC

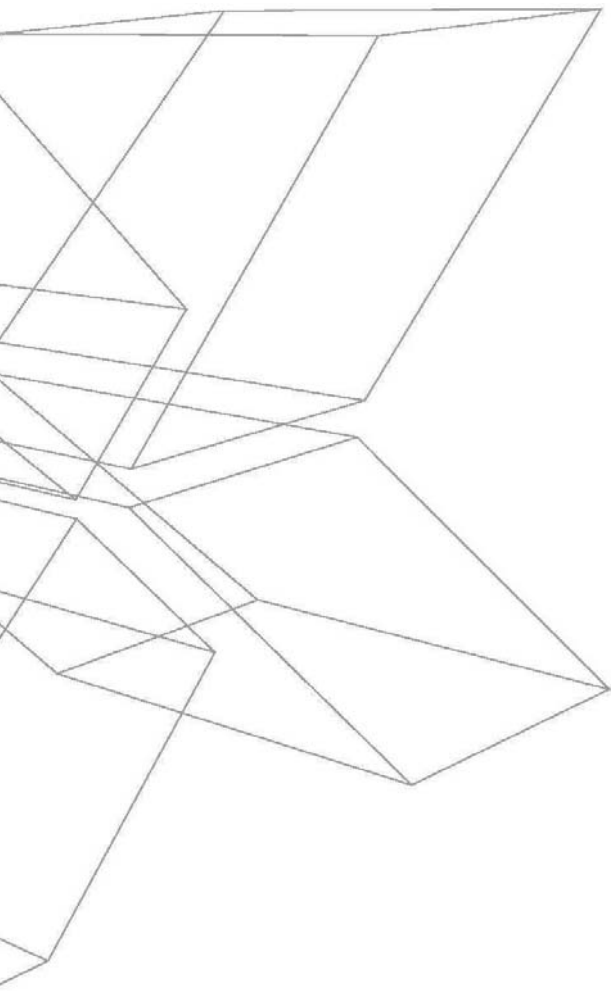
The Exeter Edge™ Webinar Etiquette

- Everyone will be in listen only mode
- Please **ask questions** as they come up
 - Use the Q&A function
 - We will unmute phone lines afterward
 - Use audio pin number
- Please DO NOT....
 - use speaker phones
 - place call on hold (on hold music)
 - use mobile phones (use land line)
 - type or shuffle papers (creating noise)

Exeter 1031 Exchange Services

- Qualified Intermediary (Accommodator)
- Exchange Accommodation Titleholder
- All types of 1031 exchanges, including:
 - Forward
 - Reverse
 - Improvement
 - Zero Equity 1031 Exchanges™
- All 50 states and foreign property
- Real and Personal Property Exchanges
- Call Exeter 24/7 via web site

Exeter Fiduciary Services, LLC

- 
- An abstract graphic on the left side of the slide, consisting of several overlapping, semi-transparent geometric shapes, primarily triangles and quadrilaterals, in shades of gray. These shapes are arranged in a way that creates a sense of depth and complexity, resembling a stylized architectural structure or a network diagram.
- Private, Professional Fiduciary
 - Qualified Trust Accounts
 - Title Holding Trusts (Land Trusts)
 - Deferred Sales Trusts™
 - Self-Directed IRAs (coming soon)
 - Trust Administration

Office Locations

- Nationwide Offices located in:
 - California Offices:
 - San Diego (Corporate headquarters)
 - Irvine
 - Ontario
 - Bakersfield
 - Fresno
 - San Francisco
 - Kona, Hawaii
 - East Northport, New York
 - Springfield, New Jersey

A complex, overlapping geometric structure composed of various polygons and lines, creating a sense of depth and complexity, located on the left side of the slide.

1031 Exchange Structures

- Regular 1031 Exchanges
 - Forward
 - Delayed
 - Starker
- Reverse 1031 Exchanges
- Improvement 1031 Exchanges
 - Build-to-Suit
 - Construction
- Zero Equity 1031 Exchanges

Reverse 1031 Exchanges

- There is an increase in demand for Reverse 1031 Exchanges due to changes in the real estate markets
- The Reverse 1031 Exchange allows investors to take advantage of the opportunities available because of the current real estate market conditions

Why Use a Reverse 1031 Exchange?

- Today's RE market has changed dramatically, and will continue to
 - It is a buyer's market
 - Opportunities do not last long:
 - Fire sales
 - Short sales
 - Real Estate Owned (REOs)
 - Foreclosures and Deeds in Lieu
 - Investors do not have time to sell relinquished property
 - Investors must act quickly

Why Use a Reverse 1031 Exchange?

- Real estate markets like today make Forward 1031 Exchanges challenging
 - Investor sells his or her relinquished property
 - The tax consequence is then triggered
 - The investor then identifies three (3) replacement properties
 - Can you actually close on them?
 - Will the acquisitions defer your income tax consequences?

Why Use a Reverse 1031 Exchange?

- Will the replacement properties still be available; can you close on them?
 - Multiple offers; will you win?
 - Due diligence; do you still want to?
 - Short sales; will lender act in time?
 - Financing; will you be approved?
 - Can you act fast enough?

Why Use a Reverse 1031 Exchange?

- Reverse 1031 Exchanges can help put you back in the drivers seat.
 - Buy replacement property first; sell relinquished property later
 - No tax consequences locked in because you have not sold property yet
 - No risk of not closing on your replacement property
 - Takes the worry out of 1031 Exchanges

Why Use a Reverse 1031 Exchange?

- Can move on investment opportunities quickly when you have not even listed your relinquished property for sale, especially in short sale and foreclosure opportunities
- Can still move forward with your replacement property if your relinquished property fails to close

Why Use a Reverse 1031 Exchange?

- Investors can acquire replacement property and begin improvements via an Improvement 1031 Exchange while they are marketing their relinquished property
- Can provide you with much more flexibility in structuring and responding to 1031 Exchange requirements

Reverse 1031 Exchange Strategies

- Reduced risk of 45 day ID period
- Taking advantage of short sales, foreclosures and REOs
- Advanced Strategies to be discussed at the end.

Downside of Reverse 1031 Exchanges

- Reverse 1031 Exchanges do have some negative points:
 - More complicated because the Qualified Intermediary must acquire or “park” title to either property
 - More expensive because of the additional work and risk involved
 - Financing can be challenging because lenders may not lend while property held or “parked” by EAT

Reverse 1031 Exchange Ruling

- Revenue Procedure 2000-37
 - Issued September 15, 2000
- Creates Exchange Accommodation Titleholder or “EAT”
 - Can not be related party
 - EAT can be QI, but shouldn’t be
- Creates Qualified Exchange Accommodation Agreement (“QEAA”) that provides for “parking arrangement”

Reverse 1031 Exchange Structures

- Qualified Intermediary *must* be in place *before closing*
- Exchange Accommodation Titleholder *must* be in place *before closing*

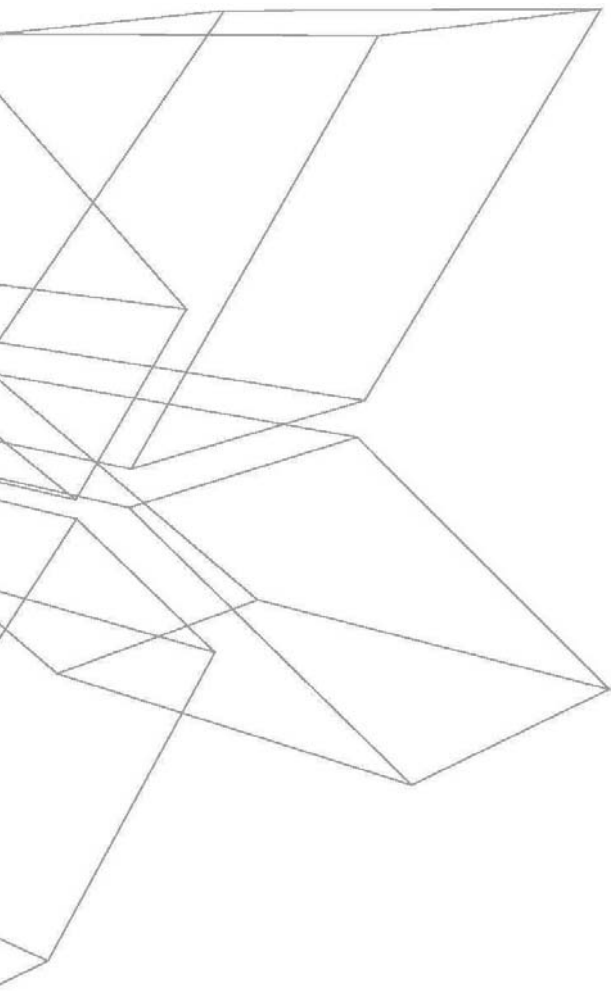
Parking Arrangement Structures

- Replacement Parking Structure
 - Preferred parking structure
 - Replacement property parked by EAT
 - 1031 Exchange occurs at the back end
 - Used when lender cooperates or an all cash transaction
- Relinquished Parking Structure
 - Less favorable to investor
 - Relinquished property parked by EAT
 - 1031 Exchange occurs at the front end
 - Used when lender refuses to cooperate

Reinvestment Requirement

- Trade equal or up in fair market value based on net sales price
- Reinvest 100% of equity/net cash proceeds into replacement property
- Replacement property parking does not require equity to be reinvested up front
- Relinquished property parking DOES require equity to be reinvestment up front

Replacement Parking Steps

- 
- An abstract graphic on the left side of the slide, consisting of several overlapping, semi-transparent geometric shapes, primarily triangles and quadrilaterals, in shades of gray. These shapes are arranged in a way that creates a sense of depth and complexity, resembling a stylized architectural drawing or a network diagram.
- Concurrent 1031 Exchange occurs at back end
 - Investor enters into QEAA with EAT
 - Investor assigns Purchase and Sale Agreement for replacement property to EAT as buyer
 - EAT forms single member LLC to acquire/park replacement property
 - Investor advances necessary funds to EAT in order to acquire/park property

Replacement Parking Steps

- EAT executes a note in favor of investor or third party lender
- EAT acquires and parks title to replacement property at closing
- ONLY parking arrangement has occurred at this point
- Relinquished property still held by investor
- 1031 Exchange has not occurred

Replacement Parking Steps

- EAT triple net leases replacement property to investor
- Investor can collect rents, pay bills, but not depreciate the property
- Investor must identify relinquished property within 45 calendar days
- Investor enters into Purchase and Sale Agreement for relinquished property

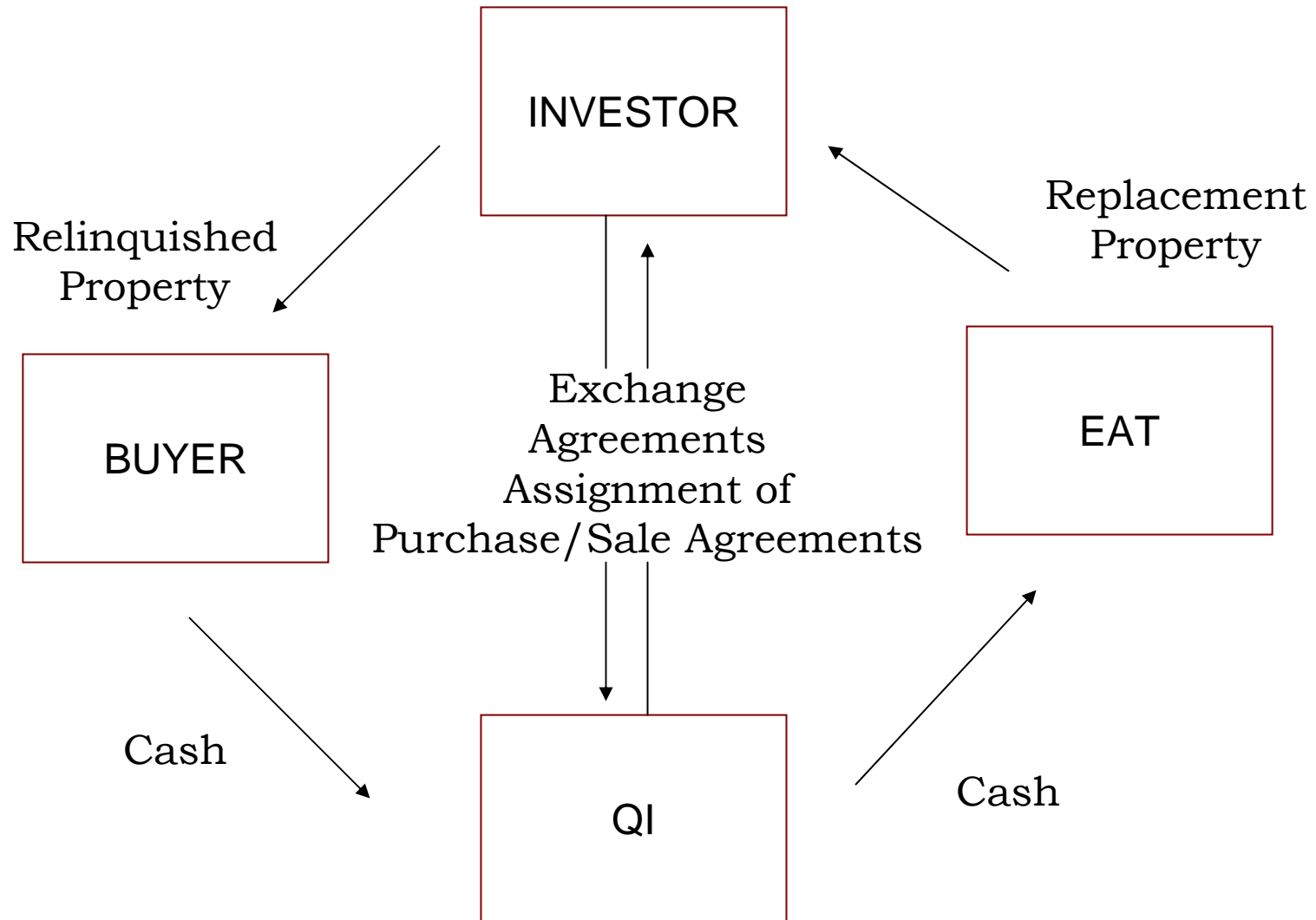
Replacement Parking Steps

- Investor signs 1031 Exchange Agreement with QI (Exeter 1031 Exchange Services, LLC)
- Investor assigns rights under Purchase and Sale Agreement to QI
- Relinquished property closes; is deeded directly to buyer; net proceeds released to QI
- Investor and EAT sign Purchase and Sale Agreement for Replacement Property

Replacement Parking Steps

- Investor assigns Purchase and Sale Agreement for replacement property to QI
- QI uses relinquished sale proceeds to acquire replacement property from EAT
- QI directs EAT to convey replacement property directly to investor

Replacement Parking – Simultaneous Exchange



Replacement Parking Steps

- EAT uses proceeds to reimburse funds advanced by investor
- Reverse 1031 Exchange completed and closed out at the back end, which is why its referred to as Exchange Last Parking Structure
- Simultaneous 1031 Exchange must be completed within 180 days from date property parked

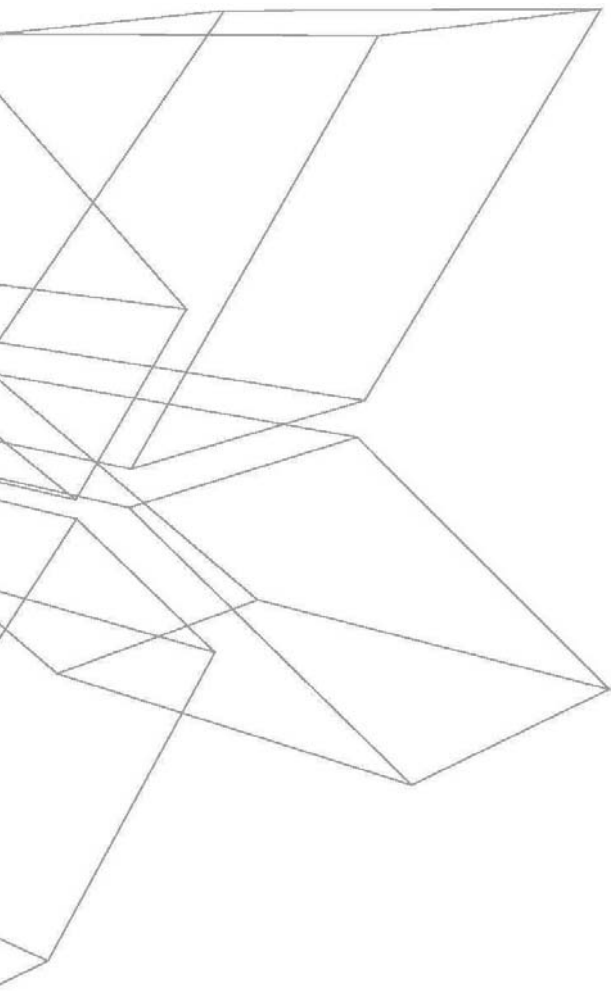
Relinquished Parking Steps

- Concurrent 1031 Exchange occurs at front end (beginning)
- Investor enters into Purchase and Sale Agreement for replacement property
- Investor enters into 1031 Exchange Agreement with QI
- Investor enters into QEAA with EAT
- Investor assigns Purchase and Sale Agreement for replacement property to QI

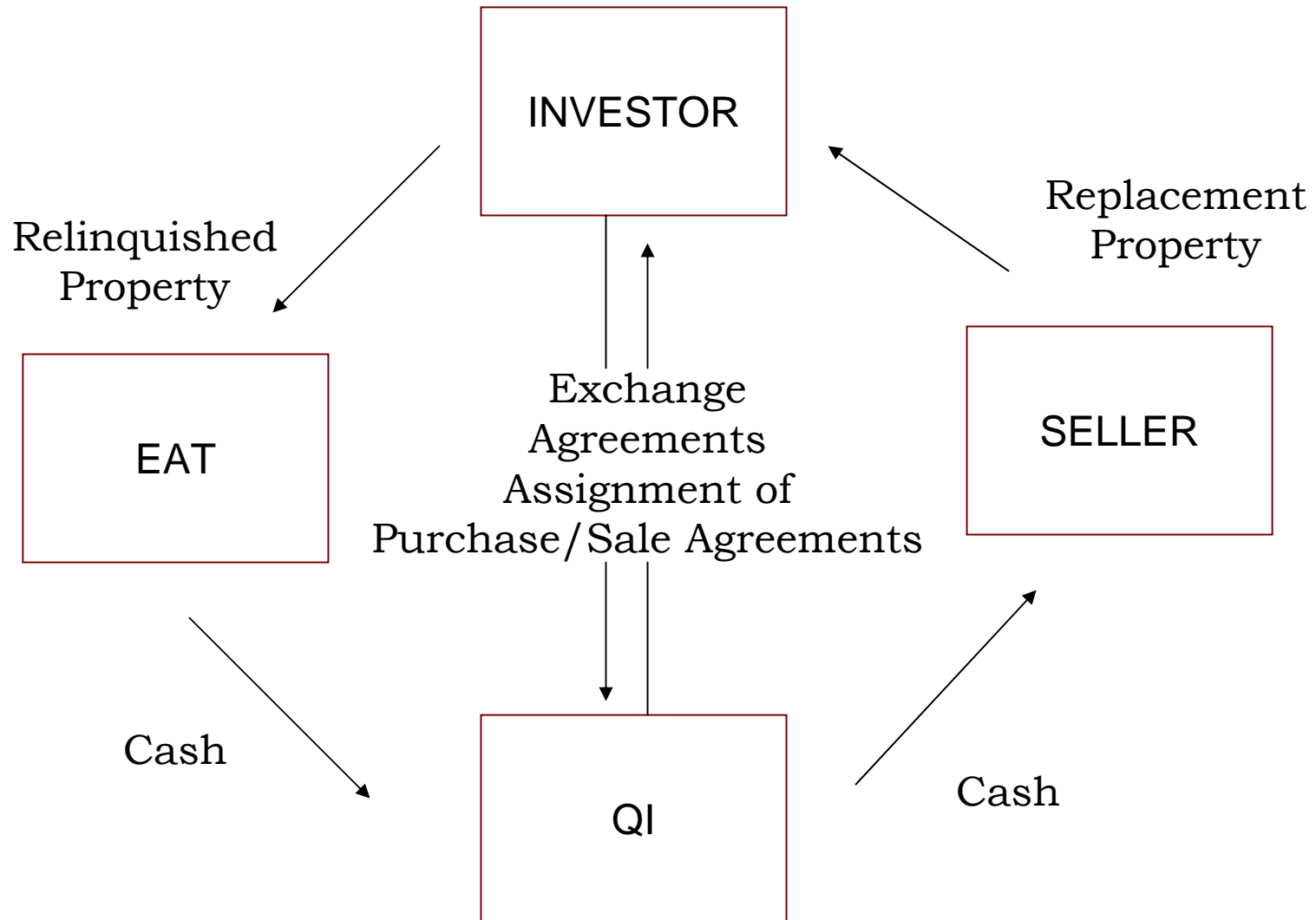
Relinquished Parking Steps

- Replacement property closes and is deeded directly to investor
- Investor executes Purchase and Sale Agreement for relinquished property with EAT
- Investor assigns Purchase and Sale Agreement for relinquished property to QI

Relinquished Parking Steps

- 
- An abstract graphic on the left side of the slide, consisting of several overlapping, semi-transparent geometric shapes, primarily triangles and quadrilaterals, in shades of gray. These shapes are arranged in a way that creates a sense of depth and complexity, resembling a stylized architectural drawing or a network diagram.
- EAT forms single member LLC to acquire/park relinquished property
 - Investor or lender lends funds to EAT to complete transaction
 - EAT executes note in favor of investor or third party lender
 - EAT acquires and parks title to relinquished property simultaneously with closing of replacement property
 - Simultaneous 1031 Exchange has been completed up front

Relinquished Parking – Simultaneous Exchange



Relinquished Parking Steps

- EAT triple net leases relinquished property to investor
- Investor can collect rents, pay bills, but not depreciate the property
- EAT sells relinquished property to ultimate buyer and signs Purchase and Sale Agreement
- EAT uses proceeds from sale to reimburse funds advanced by investor or third party lender

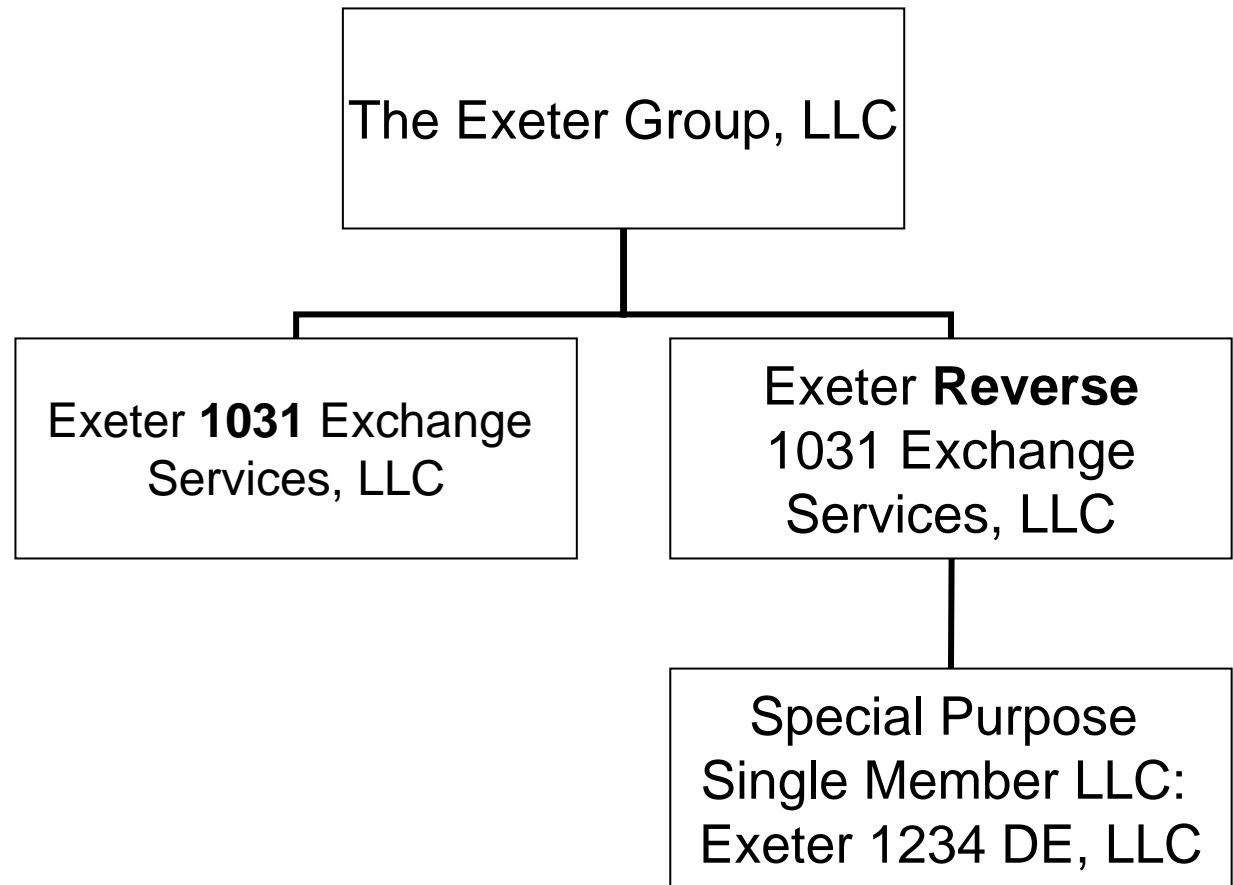
Lender Issues

- Ensure that lender is comfortable with the Reverse 1031 Exchange, including:
- EAT will be holding title via an LLC
- EAT (LLC) is the borrower and signs note and deed of trust/mortgage
- Loan must be non-recourse to EAT
- Investor can guarantee note
- Cross collateralization is perfectly O.K.

Entity Structure

- QI
- EAT
- SMLLC

Organizational Structure



Advanced Strategies

- Reverse/Zero Equity 1031 Exchange™
- Reverse/Improvement 1031 Exchange
- Reverse/Forward 1031 Exchange
- Non-Safe Harbor Reverse 1031 Exchange
- Buying promissory notes as replacement property

The Exeter Edge™ Webinars

- You can review all of our upcoming seminars and webinars on our web site at:
- <http://www.exeter1031.com/Seminars.aspx>

Are You Ready?

- Set-up a complimentary consultation with Mr. Exeter
- Follow-up survey
- Follow-up email with links
 - Copy of Power Point
 - Reverse 1031 Exchange links
 - Other 1031 Exchange information
- Thank you for attending – we look forward to helping you build your wealth thru a Reverse 1031 Exchange.

Exeter Reverse 1031
Exchange Services, LLC
National Corporate Headquarters
402 West Broadway, Suite 400
San Diego, CA 92101

Office: (619) 615-4210
Toll Free: (866) 393-8370
Facsimile: (619) 615-4205
Email: wexeter@exeterco.com

Website: www.exeter1031.com