

Common Questions:

What is a Qualified Purpose for a Property?

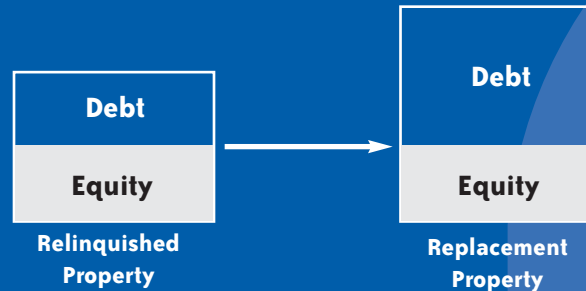
Property must be held by the Exchangor for either productive use in a trade, business or for investment purposes. Property held for use as a personal residence or primarily for sale, such as inventory, may not qualify.

What is “Like-Kind” Property?

All U.S. real property is generally “like-kind”. Eligible properties can include commercial and residential property (excluding your primary residence), farms, apartment buildings, warehouses, vacant land, etc.

Notice: Any tax information contained in this brochure is not intended, cannot be used by an Exchangor or any other person, to avoid any civil or criminal tax penalties which the Internal Revenue Service or another governmental agency may impose on the exchanger or any other person for acting in reliance upon information contained in this brochure. Commercial Partners Exchange Company, LLC is a Qualified Intermediary and does not provide advice regarding specific tax consequences of IRC 1031 tax deferred exchanges. Exchangors are encouraged to seek the counsel of their attorney or accountant.

Balancing Value, Equity and Debt:



Typically an Exchangor will acquire replacement property that is “up or equal” in Value (price) and will roll over all of the Equity (net proceeds) from the relinquished property into the replacement property.

Further, to the extent that the Exchangor was relieved of liabilities and debt, such as mortgages on the relinquished property, the debt relief is offset by (1) new liabilities or mortgages taken on in conjunction with the purchase of the replacement property; OR (2) by investing additional cash in the replacement property equal to the amount of liabilities and debts that were discharged.

1031 EXCHANGE

DEFER THE TAX RETAIN THE GAIN

Whether you are considering a:
Straight Forward Exchange
Reverse Exchange
Build-To-Suit Construction Exchange
or Personal Property Exchange,
choose the right partner.

Commercial Partners Exchange Company, LLC

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EXCHANGE COMPANY, LLC

**Qualified Intermediary for
1031 Tax Deferred Exchanges**

What is a 1031 Tax Exchange?

A 1031 tax deferred exchange is an approved technique for selling property that has been used for investment or use in a trade or business, and purchasing another like-kind property of greater or equal value without having to pay capital gains taxes.

Why 1031?

1) **Keep your money working for you**

Rather than pay unnecessary taxes, use the money to purchase more investment property.

2) **Compound your wealth**

Maximize returns by moving equity to the most advantageous investments available.

3) **Eliminate troublesome properties**

In order to avoid extensive management and maintenance problems, sell older properties in exchange for new triple net leased properties.

4) **Diversify your investments**

Exchange out of one relinquished property into multiple replacement properties to expand your portfolio.

It's not "Cashing Out"

The government's goal in deferring taxes on exchanges is to encourage investors to buy and sell property. The justification? If an individual is NOT cashing out, why should the IRS tax them on the "theoretical gain" in an exchange from one like-kind property to another?



Identification Period

Exchangor must identify a limited number of potential replacement properties on or before 45 days after the transfer of the Relinquished property.

A QI's Role

A Qualified Intermediary (QI) is a critical component in the success of a transaction. QI's:

- Provide a safe harbor structure to exchange transactions.
- Hold proceeds from the sale of relinquished properties.
- Isolate the receipt of any taxable proceeds.
- Utilize the proceeds to purchase replacement properties.
- Prepare the required exchange documents and instructions.

Exchange Period

Exchangor must receive the replacement property within the earlier of 180 days from the date the relinquished property is transferred OR the filing date, including extensions, of their income tax returns filed for the year the sale of the relinquished property occurred.



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Mr. Peterson is the President of Commercial Partners Exchange Company, LLC. He has extensive experience as a facilitator of standard deferred 1031 exchanges, build-to-suit construction improvement exchanges, reverse exchanges and aircraft personal property exchanges. He speaks frequently to various business and professional organizations on numerous issues related to 1031 exchanges.



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