

ExStra is the only Accommodator focused only on reverse exchanges

ExStra does not perform standard delayed or deferred exchanges. We do have alliances with a variety of Qualified Intermediaries who perform delayed exchanges with exceptional skill, attention to detail and dedication to absolute asset security for each Exchangor.

Contact ExStra at 1-408-879-7220 to discuss you optimal exchange strategy.



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The information in this brochure should not, under any circumstances, be considered tax advice.

Specialists in Reverse 1031 Exchanges

Reverse Exchange Services

- Standard Exchange First and Exchange Last
- Complex Exchange First and Exchange Last
- Build-to-Suit Reverse Exchanges
- Non-Safe-Harbor Build-to-Suit Exchanges
- Extension of a Safe-Harbor Reverse Past 180 Days
- Applicable to many asset categories in addition to real estate.

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Exchange Strategies Corporation

Extended Reverse Exchanges

Reverse exchanges that go
beyond 180 days.



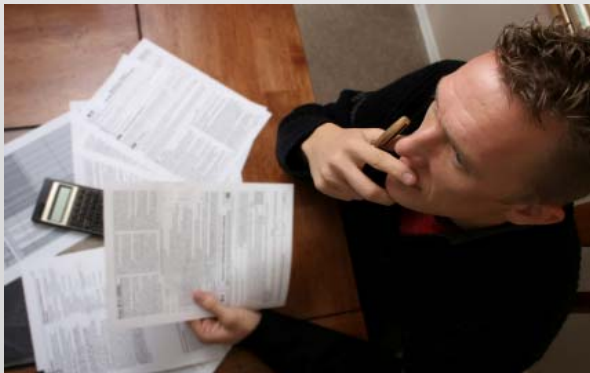
ExStra
Reverse Exchanges Done Right

Worried About the 180-Day Deadline in 1031 Exchanges?

There are two situations in which an extended reverse exchange might be part of an optimal exchange strategy.

Build-to-Suit. Many exchanges involving improvements to the New Property simply cannot be done in 180 days. ExStra can effectively conduct a Non-Safe-Harbor reverse exchange that results in a New Property that has the combined value of the underlying real estate *and* any improvements to it.

Extending a Safe-Harbor Reverse. If an ongoing safe-harbor reverse exchange is in danger of failing because there are delays in the sale of the Old Property, a new exchange can be initiated which completes the first exchange in a timely fashion and gives the Exchangor more time to sell the Old Property.



For more information, visit our website or call to speak directly with an Exchange Officer who'll be delighted to assist you in developing your optimal exchange strategy.

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Reverse Exchanges Can Go Beyond 180 Days. Here's how it works.

The Non-Safe-Harbor Build-to-Suit Reverse Exchange

The Agreement. The Accommodator makes an investment in the Project with the understanding that the Exchangor fully intends to acquire all the interests in the Project in a pre-determined timeframe – the Option Period – during which the improvements will be completed. The Accommodator acquires the underlying real estate, net-leases it to the Exchangor and hires the Exchangor to manage construction of the improvements.

Expenses. During the Option Period, “rent” paid by the Exchangor consists of all normal expenses plus any debt service and some return on the equity provided by the Accommodator. During the Option Period, the Exchangor can acquire the project at “cost”. If the Project is not acquired during the Option period, both rent and the acquisition price can increase significantly.

Safe-Harbor Extensions

The Agreement. The Accommodator forms an LLC and acquires the Old Property, while making a sufficient equity investment, with the understanding that the Exchangor fully intends to arrange for the sale of the Old Property in a pre-determined timeframe – the Option Period. The Accommodator then net-leases the Old Property to the Exchangor. As above, rent reflects normal costs during the Option Period but increases significantly if the sale of Old Property is delayed further.

What are the risk factors?

Unanticipated delays. If the time needed to complete a Project or to sell the Old Property is substantially greater than anticipated, the cost to the Exchangor can increase rapidly. In a worst-case scenario, the exchange fails and the Exchangor must acquire the Project with no exchange or it may be sold.

Scrutiny by tax authorities. Reverse exchanges conducted outside the safe-harbors of Rev. Proc. 2000-37 are perfectly legal and have been successfully conducted for decades. However, because the safe-harbors are not being used, the IRS and some state tax authorities are more likely to probe the details of the exchange to ensure their validity.

The IRS requires Accommodators for reverse exchanges that go beyond 180 days to be treated as the owner for federal income tax purposes. This implies a substantial interest by the Accommodator and potential to share in the gain or loss resulting from the transaction. ExStra will take a meaningful equity position (typically 5%) in these projects as a way of meeting the IRS' "burdens and benefits" test.