

# Fidelity National Title Group's 1031 Company - IPX1031

If your customers are considering the sale of an investment property such as apartment complexes, offices buildings or shopping centers, a 1031 exchange is the IRS authorized method to defer paying the capital gains and depreciation recapture taxes associated with the sale. As the nation's largest 1031 Intermediary, IPX1031 provides guidance, expertise and industry leading security for your customers' exchange funds.

## IPX1031® EXPERTISE & SERVICE

IPX1031 has a staff of exchange attorneys and CPAs to provide answers and guidance throughout the exchange process. Our counsel regularly meets with the IRS and Treasury Department to ensure that we have the most up-to-date information for our attorney referral sources.

- IPX1031 provides a full array of 1031 exchange services including: delayed exchanges, reverse exchanges, build-to-suit exchanges, and personal property exchanges
- IPX1031 generates a complete set of 1031 documents

## IPX1031® SECURITY CONTROLS & ASSURANCES

- \$100 Million Fidelity Bond
- \$50 Million Written Guaranty of Performance
- \$30 Million in Errors & Omissions Insurance
- IPX1031 is a wholly owned subsidiary of Fidelity National Financial (NYSE:FNF)
- As part of a large publicly traded corporation, we are subject to audits, controls and a level of financial transparency about the entire organization that is not required of privately held businesses.
- Exchange funds are held in segregated accounts for the benefit of the named Exchanger using the Exchanger's taxpayer identification number.
- Disbursement of exchange funds requires written authorization of the Exchanger.
- All disbursements require dual authorization and are controlled by our Banking Division. Sales and administrative staff have no authority or ability to transfer funds.

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**IPX**  
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Investment Property Exchange Services, Inc.

888.771.1031 - [www.ipx1031.com](http://www.ipx1031.com)

# IPX1031® Fees & Assurances

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## 1031 EXCHANGE FEES

Exchange Fees vary slightly per region.

Please contact your local IPX1031® representative for pricing.

## OTHER 1031 SERVICES

Reverse Exchanges

Build-To-Suit (Construction) Exchanges

Personal Property Exchanges

Seller Carry Back Notes

*Please contact your local IPX1031 representative for pricing*

## ASSURANCES

**\$100**  
million

### **\$100M Fidelity Bond**

Protects the taxpayer in the unlikely event of a company failure; the bond is there to satisfy the financial obligations of the company.

**\$50**  
million

### **\$50M Written Performance Guaranty**

Ensures the taxpayer exchange funds are returned in the amount of deposit.

**\$5.3**  
billion

### **Unparalleled Financial Strength**

IPX1031's parent company (FNF) is the most financially sound title company in the industry.

**\$30**  
million

### **\$30M Errors & Omissions Insurance**

Safeguards against employee negligence resulting in a loss to the taxpayer.

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# 1031 Exchange Highlights

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## 1031 Exchange Defined

Section 1031 of the IRS tax code offers real estate investors one of the last great investment opportunities to build wealth and save taxes. By completing a 1031 Exchange, an investor (taxpayer) can defer the capital gains taxes recognized on selling investment property by reinvesting those proceeds into another like-kind investment property. The regulations that govern 1031 Exchanges are very specific and must be followed to have a successful exchange.

## Reasons to Exchange

- Defer Taxes: Federal, State & Depreciation Recapture
- Diversify or Consolidate a Real Estate Portfolio
- Increase Cash Flow
- Switch Property Types (Land, Industrial, Multi-Fam, Office, Retail, Residential, Easements)
- Get Into Other Real Estate Markets (Exchange anywhere within the US & Territories)
- Build & Preserve Wealth
- Set up Heirs for the Future (Estate Planning: Stepped Up Basis)
- Increase Purchasing Power

## Why IPX1031

- One stop solution for FNTG clients
- Owned by Fidelity National Financial (NYSE: FNF)
- Largest National Qualified Intermediary
- \$100M Fidelity Bond
- \$30M E&O Insurance
- \$50M Written Performance Guaranty
- Full Service Qualified Intermediary
- Nationwide Locations
- Segregated Bank Accounts
- Savvy team with vast expertise and knowledge
- Attorneys and Certified Exchange Specialists (CES®) on staff and readily available
- Superior Customer Service

## Important 1031 Concepts

- Any property involved in an exchange (Relinquished and Replacement) must have been held for investment or used for productive trade or business use
- It's imperative to have a Qualified Intermediary facilitate an exchange and engage services prior to escrow closing
- Purchase equal or greater in value (less non-reoccurring closing costs)
- Reinvest ALL of the equity and replace the value of debt
  - ⇒ Debt can be replaced with new debt, seller-financing or cash
- Identify Replacement Property within 45 Days of the close of escrow
- Complete ALL purchases within 180 days of the close of escrow

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# 1031 Exchange FAQs

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## Qualified Intermediary

Is a Qualified Intermediary (QI or Accommodator) needed? Yes, unless you are doing a simultaneous 1031 exchange with another party. If the exchange is not simultaneous or you are selling to one party and buying from another party, a QI, like IPX1031® must be engaged before the relinquished property is transferred. A QI must not be an agent of the taxpayer.

## Like Kind

Can I sell my rental house and buy a 4plex? Can I sell my vacant lot and buy a rental house? Yes, virtually all business or investment real estate located in the U.S. is "like-kind". You can sell the rental house and buy apartments, commercial, industrial, mini storage, bare land, agricultural, etc.

## Time Deadlines

Do I have to be in contract by the 45 days? No, the regulations only require that potential replacement property be unambiguously designated in a writing signed by you and delivered to a qualified person (usually the QI) by the 45th day of the exchange. However if the property or properties are sold to someone else on Day 46, you are out of luck. So it is ideal that you are in a firm contract by then and identify backups.

Do I have to buy from the properties I've identified? Yes. During the 45 days you can change what you've identified, but once your identification period has expired, you must buy from only that list. No substitutions or changes are permitted by the statute after day 45.

Can I get an extension on the 45 day identification period? No. Unless you have been affected by a federally declared disaster, the IRS doesn't have any provisions for extensions or exceptions – not even to the next business day if the deadline falls on a weekend or holiday. The best way to get more time is to start looking for your replacement property well before the closing of your of your sale property or to extend the closing date on your sale property.

## Timing

Can I buy the replacement property first? Yes, but that is called a "reverse exchange", which is more expensive, more complicated and has its own set of rules and regulations that must be followed.

Do I need to buy the replacement property in the exact same vesting as I sold? No. However, it needs to be the same TAXPAYER. So you can sell the property in your revocable trust and buy it in your name because you are the same taxpayer. However you cannot sell as a partnership and buy as individuals; those are not the same taxpaying entities.

## Money

Do I just need to reinvest my profit? No. To have a full tax deferral, you need to do three things: buy equal or greater in value compared to the property you sold, reinvest the entire net sales proceeds from the property you sell into your new investment property AND replace the value of the loan that you had on your old investment property.

Do I have to get another loan? Not necessarily. You need to replace the VALUE of the loan. This can be achieved through a loan on the new investment property, additional cash from outside of your 1031 Exchange or a combination of both.

## Moving In

Can I move into the property I buy? The replacement property needs to be purchased with the intent of being a business or investment property. In 2008, the IRS issued Revenue Procedure 2008-16. It provides a procedure to convert an investment property to a personal use property after a two-year period from when the 1031 Exchange is completed. However, a conversion of this type needs to be discussed with your tax advisor.

## Family

Can I rent the property to my child or other family member? Yes, but they need to be treated like a non-related tenant, including paying fair market rent for the property.

Can I buy the property with someone else? Yes, but you need to buy the property as tenants-in-common, where your share of the property will be equal or greater to what you sold (to have a fully tax deferred exchange). Also, do not create a partnership or multiple-member LLC to own the property. How you structure the co-ownership of property coming out of an exchange should be discussed with your tax advisor.

## Vesting and Title

Do I need to buy the replacement property in the exact same vesting as I sold? No. However, it needs to be the same TAXPAYER. So you can sell the property in your revocable trust and buy it in your name because you are the same taxpayer. However you cannot sell as a partnership and buy as individuals; those are not the same taxpaying entities.

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