

In the Know...

BRIGITTE ECHAVE
vice president - brigitte@leverageexchange.com

Uncertain Financial Times—Are your funds safe?

INVESTORS' FUNDS PROTECTED

- All funds are held as escrow funds for the benefit of the Taxpayer
- All funds are segregated and investors funds are never pooled or placed in QI general operating fund
- Each 1031 Exchange account has a separate IBA account entitled for the benefit of the individual investor
- Safe Harbor No. 2—Qualified Escrows (QE) is standard in all Exchange Agreement's
- Errors & Omissions Insurance Policy

CONTACT:

Brigitte Echave

Vice President

Certified Exchange

Specialist

24/7 520-979-8256

or

866-988-1031

We're on the Web!

LeverageExchange.com

In light of tragic financial times which hit the Exchange Industry especially hard in 2008, we would like to take a moment to assure our clients and partners that we at **Leverage Exchange Group, LLC** have always made it a priority to insure that our clients funds are secure. In November of 2008, one of the largest title companies filed for bankruptcy, due in large part to the operations of their exchange company. The exchange entity had invested 1031 exchange funds into Auction Rate Securities. Once the securities market froze the company found that they did not have enough liquidity to fund all of the 1031 Tax Deferred Exchange accounts, which they held for various taxpayers throughout the US. Consequently millions of dollars were lost and many taxpayers lost their monies and had large capital gains tax bills to pay to the IRS.

Leverage Exchange Group, LLC has never compromised our clients monies in an attempt to increase our profits. Our company has always invested solely in money market accounts with FDIC insured banks. We have made sure that our banking relationships are with top rated financial institutions that have been rated by independent rating companies not affiliated with our banks in any way. We have always segregated our clients funds into liquid money market accounts and never invested ANY funds in risky securities investments.

As a QI holding taxpayers monies, preservation and availability of the exchange proceeds are of the utmost importance. Since the IRC §1031 regulations allow for the use of multiple safe harbors, taxpayers can rest assured that our company has taken the additional precaution to protect the taxpayers principal investment we are holding (the sales proceeds) as well as preserve their 1031 Tax Deferment sought by the use of a 1031 Exchange. In order to assure our clients of our commitment to their tax deferral and the preservation of their funds we began utilizing Safe Harbor No. 2 as a standard practice with all of our 1031 Exchange transactions. **Leverage Exchange Group, LLC**, like all Qualified Intermediaries, has operated under the Safe Harbor No. 1—Qualified Intermediaries as set forth by the IRS under their Amended 1031 Regulations issued in 1991. By utilizing Safe Harbor No. 1—Qualified Intermediary (QI) and Safe Harbor No. 2—Qualified Escrows (QE) taxpayers can rest assured that we are providing reinforced security for the 1031 Exchange deferral with the IRS as well as safety of their funds. Safe Harbor No. 2 is afforded to our clients in cooperation with the bank that the funds are on deposit with. A QE account, by written agreement, elects an escrow holder (the bank) in addition to the QI to watch over the exchange proceeds. The escrow holder is not allowed to be the taxpayer or a disqualified party as defined in IRC Section 1.1031(k)-1(k)(2), (k)(3), or (k)(4). One of the two classifications of a disqualified party is a person who is an agent of the taxpayer at the time of the transactions. This includes anyone who has acted as the taxpayer's employee, attorney, accountant, investment banker, broker, real estate agent at the time transaction or within 2 years of the transaction. In addition, each exchange transaction is covered by our Errors and Omissions Insurance Policy.

Leverage Exchange Group, LLC has every intention of continuing to serve our clients exactly as we always have, with the integrity and ethics you have always known our company to have and can continue to expect.

LEVERAGE
EXCHANGE GROUP, LLC