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Valuable Information for Real Estate Professionals and their Clients

THE CONFIDENCE OF A GREAT DECISION

HOW TO FEEL CONFIDENT WHEN SELECTING A QUALIFIED INTERMEDIARY

Many investors are unaware that, with the exception of a few states, Qualified Intermediary companies are not subject to federal government oversight. A taxpayer contemplating proceeding with a 1031 exchange may naturally be concerned about the security of their funds, as well as the knowledge of the Exchange Accommodator. When selecting a Qualified Intermediary, an Exchanger should examine the expertise, service and financial security of the company that will potentially be handling their 1031 exchange transaction. This brief list of questions is provided as a basic guide to assist you in feeling secure when selecting a Qualified Intermediary (QI). We hope that you agree that your trust in our company is well-placed trust, indeed.

SAFETY AND SECURITY OF EXCHANGE FUNDS

- ▶ Do you provide a corporate guarantee? Can you provide evidence of the guarantee?
- ▶ Are you and your employees covered by a Fidelity Bond? Can you provide evidence of insurance?
- ▶ What exchange documentation do you provide? Can I review the documents prior to closing?
- ▶ How many signatures are required to release my exchange funds? Whose signatures are required?
- ▶ How often are your financial accounts reconciled? Are the accounts reconciled by an individual who is authorized to deposit or withdraw exchange funds?

HANDLING OF EXCHANGE FUNDS

- ▶ Where are my funds invested? Can I view my account online?
- ▶ Are my exchange funds held in segregated accounts that are identified to my exchange?
- ▶ Upon request, can I determine the bank where I would like to have my exchange funds deposited?

EXPERIENCE, STRUCTURE & AFFILIATIONS

- ▶ How much experience do you have as a QI?
- ▶ Can you provide a reference list of clients or affiliated professionals, such as attorneys, CPA's or real estate professionals?
- ▶ Is your company a member of the Federation of Exchange Accommodators (FEA)?
The FEA was formed in 1989 as the trade association for exchange professionals. Members are required to submit to a background check and all members must adhere to a strict Code of Ethics. Along with providing member services, the FEA is leading the charge for consumer protection in the industry. Further information is available at www.1031.org.
- ▶ Does your company employ a Certified Exchange Specialist®, CPA or attorney?
The CES® (Certified Exchange Specialist®) designation is offered through the FEA. To become certified, the individual must meet specific experience criteria, pass an extensive exam, maintain continuing education requirements and adhere to the FEA Code of Ethics. Further information is available at www.1031ces.org.