Edmund & Wheeler, Inc. QI

www.section1031.com

Flawless Section 1031 Exchanges for Over 27 Years

Section 1031

For Accounting Professionals

Course Outline

Edmund & Wheeler, Inc. QI
567 Cottage Street
Littleton, NH 03561

603-444-0020

www.section1031.com
exchange@section1031.com

"The Power of Section 1031 – For Professionals" is presented in three distinct modules with two 15 minute breaks. The course takes approximately 4.5 hours to deliver, for a total time commitment of 5 hours including breaks.

There will be two 15 minute breaks after Sections 1 & 2.

Course Outline & Timing

Section
1
Introduction & 1031 Basics

Section 1 provides students with an outline of this course, an introduction to the Section 1031 Exchange and the essential elements required for successful exchanges.

This section lasts approximately 2 hours, and is outlined on Page 3

Section
2
Case Studies & Real-life Examples

Section 2 contains case studies of the various types of Exchanges as well as real-life examples of actual transactions that will assist students in developing their own Section 1031 strategies for their clients.

This section lasts approximately 70 Minutes, and is outlined on Page 4

Section
3
Alternate Exchange Opportunities

Section 3 outlines the viable alternatives for Exchanges that can be used for diversification, relocation or the desire of a client wishing to exit from the real estate investment class.

This section lasts approximately 50 Minutes, and is outlined on Page 5

Course Summary

Post Quiz

Course Summary – "Must Have Section 1031 Concepts"

The Post Quiz

Section

1

Introduction & 1031 Basics

Course Outline

1. About Edmund & Wheeler, Inc.
2. Course Outline
3. Course Objectives – Pop Quiz

15 Minutes

4. What Is A Section 1031 Exchange
5. The Five Critical Elements of an Exchange
6. The Regulations & IRS Reporting

40 Minutes

7. An Exchange at A glance
8. Section 1031 (a)(1) IRS Code
9. What Are the Benefits of an Exchange?

30 Minutes

10. The Essential Elements
11. Replacement Property Rules
12. Real Property (What is Like Kind?)

10 Minutes

13. Personal Property
14. Timing Is Everything
15. Can Anyone Handle an Exchange?

10 Minutes

16. Who Qualifies for an Exchange?
17. The Qualification Tool
18. The Five Most Common Section 1031 Misconceptions

15 Minutes

Section

2

Case Studies & Real-life Examples

Course Outline

19. Hypothetical Example – Pay Taxes / Defer Taxes. — 10 Minutes

20. Edmund & Wheeler Case Studies — 45 Minutes

    a. Case Study 1 – Delayed Exchange
    3 Real-life Examples

    b. Case Study 2 – Reverse Exchange
    2 Real-life Examples

    c. Case Study 3 – Build-to-suit Exchange
    Real-life Example

    d. Case Study 4 – Delayed Build-to-suit Exchange
    Real-life Example

    e. Case Study 5 – Delayed Exchange, Reverse Format
    Real-life Example

21. The Four Simple Qualification Questions — 15 Minutes

A note about Case Studies & Real-life Examples:

This section of the course has been derived by the actual Section 1031 Exchanges that have been facilitated by Edmund & Wheeler. During this section of the course we demonstrate how accountants have used Section 1031 to assist their clients in building and strengthening their assets in the real estate class, while deferring capital gains taxes (State, Federal and depreciation recapture).

The 5 Exchange types reviewed account for the vast majority of situations where a Section 1031 Exchange can be extremely beneficial to clients, and often inspires lively conversations surrounding accounting strategies, real estate transactions and the use of Section 1031.

During this portion of the course we typically have to keep a close eye on the time, as many professionals would like to discuss situations that they are currently involved in. We allot enough time after the course should students wish to discuss their particular situations.

Sections

3&4

Alternate Exchange Opportunities & Summary

Course Outline

22. Tenants-In-Common (TIC) — 10 Minutes
    a. Why use a TIC?
    b. How does it work?
    c. Direct ownership vs. a TIC
    d. Case Study
    e. TIC Benefits
    f. TICs vs. Real Estate NNN and Master Leases

23. Umbrella Partnership Real Estate Trust (UPREIT) — 10 Minutes
    a. Section 721 Exchange Overview
    b. UPREIT Benefits

24. Oil & Gas Leases — 10 Minutes
    a. O&G Characteristics
    b. O&G Benefits

25. Structured Sales — 5 Minutes
    a. The Structured Sale in Real Estate Transactions
    b. The Structured Sale and 1031
    c. The Structured Sale and selling a business

26. Course Summary – Post Quiz — 10 Minutes

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Program Implementation & Instruction

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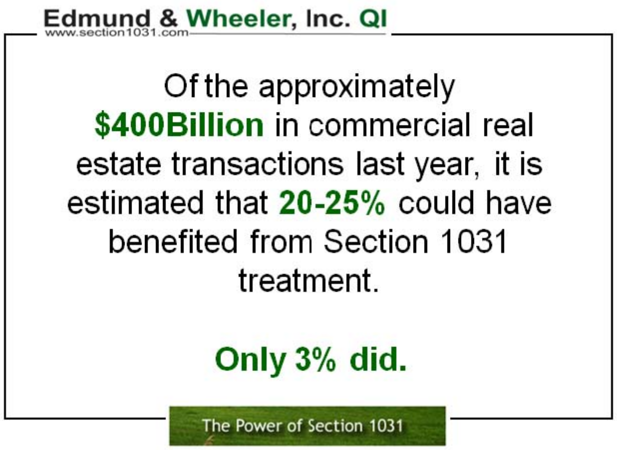
"The Power of Section 1031 – For Accounting Professionals" is presented in three distinct modules with two 15 minute breaks.

The course takes approximately 4.0 hours to deliver, for a total time commitment of 4.5 hours.

The course is designed to be highly interactive.



Course Description

"The Power of Section 1031 for Accounting Professionals" has been developed to assist those professionals involved assisting their clients with real estate transactions to be aware of the fundamentals of Section 1031 (a)(1) of the US Tax Code. The code, which has been in existence for nearly a century is a powerful tool for the deferral of capital gains taxes and is widely mis-understood by the accounting community.

The course not only covers the fundamentals of the mechanics of an Exchange, but also provides:

- Real-life examples of successful Section 1031 Exchanges and Exchange client relationships.
- Strategic uses of Section 1031 including real estate re-investment, estate planning, business exit planning and strategies.
- Ways in which Section 1031 can be used to strengthen and diversify real estate holdings.
- Section 1031 as an integral part of an accountant's toolbox enabling them to better serve clients by understanding Section 1031.
- Ways in which Section 1031 can be an essential element of financial and estate planning.
- Alternative exchange strategies for clients wishing to either leave the real estate investment class or re-invest in more passive instruments.

The course is designed to leave the student with a thorough understanding of Section 1031 enabling them to better serve their clients as part of their fiduciary responsibility.

Implementation & Instruction

This course has been designed for delivery in a typical classroom setting. In most instances we will provide two instructors to deliver the course. The material is presented in lecture form with associated Power Point slides (attached), as well as an associated student handbook (attached) which also serves as a reference manual for the student after the course is completed.

Prior to the start of the class a 15 question pop quiz will be administered to provide a starting point for the students. At the end of the course, the quiz will be taken again. This strategy has proven very effective in focusing student's attention to the primary learning objectives.

The course will be interactive to the extent time allows. Typically, students begin to recognize opportunities during the "real-life" examples portion of the course. During this segment, we will answer questions and discuss strategy regarding specific situations, but we also build in time at the end of the course should students want to discuss specific transactions and how Section 1031 could add value.

Learning Objectives

The primary objective of this course is to provide the information & guidance that will enable the accounting professional to become proficient in recognizing, describing and reporting Section 1031 transactions. Section 1031 can become very complex in its execution. *Many courses of this type tend to concentrate on the mechanics of an Exchange rather that its strategic uses and proper handling.* This course has been developed to provide the basic fundamentals of an Exchange, and accentuate how this tool can be used practically in the day-to-day dealings of an accounting professional.

Specific topics that the students should be well versed in upon completion:

- What *is* a Section 1031 Exchange?
- Section 1031 Primer for Professionals
- What qualifies for a Section 1031 Exchange?
    - Simple but powerful qualification questions
    - The Edmund & Wheeler Qualification Tool
    - What is "Like-Kind?"
- Reporting the Exchange and Tax Preparation:
    - Form 8824
    - Differences between the states
- Who qualifies for an Exchange?
- What are the financial parameters of a Section 1031 Exchange?
- Cash boot & mortgage boot.
- The critical timing aspects and specific steps to a successful Exchange.
- How to use an Exchange to leverage multiple property sales.
- The definition and roles of a Qualified Intermediary.
- The common misconceptions of Section 1031.
- The benefits of using Section 1031 as an on-going investment strategy.
- The most common Exchange types.
    - Delayed
    - Reverse
    - Build-to-suit
- Alternative Exchange strategies.
    - Tenants-in Common (TIC)
        - Securities TICS
        - Real Estate TICS
        - Single Tenant, No Debt TICS
    - Umbrella Partnership Real Estate Investment Trusts (UPREIT)
    - Oil & Gas Leases
    - Structured Sales for Boot & Failed Exchanges

TRAINING EXPERIENCE

Summary of Professional Training Activities

GEORGE E. FOSS III, AB, MS, GRI, CEC
President of Edmund & Wheeler, Inc.

May - June, 2009: *"The Power of Section 1031 – For Accounting Professionals"* presented to CPA's in New Hampshire, 45 Certificates Issued.

September 11, 2008: *"The Power of Section 1031 – For Professionals"* presented to commercial real estate and estate planning attorneys at Sheehan Phinney Bass +Green, Manchester, NH.

August 27, 2008: *"The Power of Section 1031- For Real Estate Professionals"* presented to Coldwell Banker Commercial/Residential Real Estate, Meredith, NH

August 15, 2008: *"The Power of Section 1031 – For Professionals"* presented to commercial real estate and estate planning attorneys at McLane Graf, Manchester, NH

July 23, 2008: *"The Power of Section 1031- For Professionals"* presented to commercial real estate and estate planning attorneys at Wiggin & Nourie, Manchester, NH.

June 11, 2008: *"The Power of Section 1031 – For Professionals"* presented to a professional audience of Attorneys, Realtors, Certified Public Accountant and Financial Planners.

February 21, 2008: *"Section 1031 Like-Kind Exchanges"* presented to commercial lenders at TD Bank North, Manchester, NH.

1995-2007: Taught various classes relating to Section 1031 Exchanges to a variety of professional audiences.

1989 – 1995: *"Exchange Mechanics & Case Studies"* Approved by the State of Maine and Vermont for continuing education credits. Taught same class to real estate professionals in New Hampshire for non-credit.

JOHN D. HAMRICK, AAEE
Vice President of Edmund & Wheeler, Inc.

May - June, 2009: *"The Power of Section 1031 for Accounting Professionals"* presented to CPA's in New Hampshire, 45 Certificates Issued.

November , 2008 Through July, 2009: *"The Power of Section 1031 For Real Estate Professionals"* 3 3HR Continuing Education classes in the states of New Hampshire and Vermont with 155 certificates issued.

September 11, 2008: *"The Power of Section 1031 for Professionals"* presented to commercial real estate and estate planning attorneys at Sheehan Phinney Bass +Green, Manchester, NH.

August 27, 2008: *"The Power of Section 1031- For Real Estate Professionals"* presented to Coldwell Banker Commercial/Residential Real Estate, Meredith, NH

August 15, 2008: *"The Power of Section 1031 – For Professionals"* presented to commercial real estate and estate planning attorneys at McLane Graf, Manchester, NH

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GEORGE E. FOSS III, AB, MS, GRI, CEC™

Summary of Professional Qualifications

- AB (Physics), Brown University, Providence, RI; 1962.
- MS (Electrical Engineering), Northeastern University, Boston, MA; 1967.
- Director, Peoples Bank of Littleton, NH; 1979 to 2000.
- Director, Connecticut River Bank, Charlestown, NH; 2000 to Present.
- President, Post Investment Properties, Ltd. (NH); 1972 to Present.
- President, Edmund & Wheeler, Inc. (NH); 1987 to Present.
- Treasurer, Director and Registered Agent of 3 other NH Corporations.
- NH Licensed Real Estate Broker; 1972 to Present.
- Charter Member, North Country Board of REALTORS, 1972; Vice President and Director, 1977 President and State Director, 1978; Realtor-of-the-Year, 1978.
- Graduate, Tri-State REALTORS Institute, Concord, New Hampshire.
  Received GRI Designation, 1977.
- Academy Network, San Jose, Calif., a National Tax Deferred Exchange Forum, 1984 to 1991 Pathfinder Award, 1989; Received **CEC™** Designation, 1989.
- Member, Governmental Affairs Comm., NH Assoc. of REALTORS, 1990-Pres. Charter Member, NH Commercial-Investment Board of REALTORS, 1993-2000; Affiliate Member 2000 to Present.
- Past appraiser for United States Bankruptcy Court, District of NH and various attorneys, banks and estates in this area.
- Elected a delegate to NH Constitutional Convention, 1974
  Co-sponsored an amendment later adopted by the voters.
- Justice of the Peace for New Hampshire, 1975 to Present.
- White Mountains Region Association (Northern NH Tri-County Chamber)
  Director, 1971-81; President, 1979-80.
- Property & Casualty Insurance Certificate, Plymouth State College; 1981.
- Member, Zoning Board of Adjustment, Bethlehem, N.H.
- Trustee, Ammonusuc Conservation Trust, a 501(c)-3 land conservation entity for Northwestern New Hampshire.; 2000-2006
- FCC Licensed Radio Amateur, 1991 to Present; hold Extra Class license.
  Regional Emergency Coordinator, No. Grafton County, Per NH Office
  of Emergency Management, 1991-96; call sign: N1PP.

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JOHN D. HAMRICK

Summary of Professional Qualifications

- Vice President, Edmund & Wheeler, Inc. 2009-Present
- Business Development & Client Services, Edmund & Wheeler, Inc. 2007-Present
- Business Development Consultant, Littleton, NH 2005-2007
- President & Founder, Profile Technologies, Inc., Littleton, NH 2002-2005
- Business Development & Technology Consultant, Littleton, NH 1997-2002
- Technology Consultant, Houston, TX 1995-1997
- Vice President, Commercial Outsourcing, Zebec Data Systems, Houston, TX 1992-1995
- Marketing Manager, Loral Space Information Systems, Houston, TX 1989-1992
- Account Executive, Digital Equipment Corporation, NASA Johnson Space Center, Houston, TX 1986-1989
- Account Executive, Digital Equipment Corporation, White Sands Missile Range, El Paso, TX 1982-1986
- Public Speaker & Educator, Technology and Related Industries, Nationwide, 1985-2005
- Public Speaker & Educator, Technology in the Real Estate Industry, 1995-2005
- Licensed New Hampshire Real Estate Sales Person – 2008
- AAEE (Electrical Engineering) Parkland College, Champaign, IL, 1979
- Harvard Business School – Intensive 12 Week Intern Program sponsored by Digital Equipment Corporation, 1985
- Have Attended Hundreds of Company & Self Sponsored Training Programs
  - Sales, Marketing and Business Development
  - Proposal Generation Methodology
  - Internet Based Marketing Initiatives
  - Real Estate Investing
- Accomplished Musician and Lover of the Arts