

## Think BB&T.

## Think Independent Trustees, Inc.

*A tax-deferred exchange, permitted by Internal Revenue Code Section 1031, is a process that allows an owner of investment or business property to exchange that property for new property without incurring income tax on the gain.*

*BB&T has the answer to your Section 1031 Tax-Deferred Exchange needs: Independent Trustees, Inc., is a wholly-owned subsidiary of BB&T. With more than 30 years in the Title Insurance business, the principals at Independent Trustees, Inc., have built a solid reputation of creating expert, timely and expeditious solutions for our clients.*

### Benefits To The Client

- Competitive fees
- Financial security of deposited funds
- Competitive rates of return on deposited funds in interest-bearing BIDA or IDA accounts
- Expert, timely and responsive service from Independent Trustees

### Sample Cooperation Clause

*Seller reserves the right to assign the Contract to Independent Trustees, Inc., as exchange intermediary to effect a like-kind exchange of the Property in accordance with Section 1031 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder. Purchaser consents to such assignment and agrees to sign a Notice of Assignment prior to Closing confirming that Purchaser has received the Notice of Assignment and consented to the assignment.*

### Think BB&T And Independent Trustees

Independent Trustees, Inc., offers knowledgeable and experienced professionals to assist you in your exchange process. We work directly with real estate professionals, bankers, tax advisors, settlement agents and attorneys and will provide all required exchange documentation and control of funds necessary to successfully execute a tax-deferred exchange.

### Call Us Today!

Please call your BB&T relationship banker for more information or contact Independent Trustees directly:

- Buzzy Hofheimer or Julia Tye, 1-800-526-3329
- Larry Johnson or Blair Martin, 1-866-848-5388
- Rebecca Scholl, 1-800-735-2328
- Tina LePoer, 1-866-465-2763

# BB&T

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## Thinking Tax-Deferred Exchange?





## The Tax-Deferred Exchange Process

In a tax-deferred exchange, Independent Trustees is appointed as the Qualified Intermediary prior to closing on the property being sold. The closer is instructed to transfer the sold property to the buyer via direct deed.

The exchange proceeds from the sale are deposited into a separate interest-bearing escrow account. This complies with the IRS exchange requirement that the seller is not in actual or constructive receipt of the funds at any time during the exchange.

The seller, our client, must identify the "like-kind" replacement property within 45 days of the closing of the prior property and must close on the new purchase on the "like-kind" replacement property within a total of 180 days.

Independent Trustees is assigned the purchase contract for the replacement property. After Independent Trustees transfers the exchange proceeds, it instructs the seller of the new property to transfer ownership from the seller to the client via direct deed.

## Important Details

To qualify for a Section 1031 Tax-Deferred Exchange...

- Both the sold property and the newly purchased property in an exchange must be used for business or investment purposes and must be "like-kind" properties. Like-kind business or investment property includes commercial rentals, industrial property, residential rentals, office condos, warehouses, land, farms, etc.
- The seller of the first property must identify the new property for purchase within 45 days from the date the seller relinquishes the old property, and the new property must be received within 180 days from that same date.
- We recommend a threshold proceeds amount of at least \$25,000 from the sale of the first property to cost-justify this transaction.



## To Begin The Process

- First, discuss the applicability of a tax-deferred exchange with your legal or tax advisor.
- Before transferring the property, call Independent Trustees to be your Qualified Intermediary.
- Independent Trustees will produce the required Exchange Agreement and other important documentation.
- Once an offer is accepted on the prior property, immediately seek replacement property. There is a 45-day time frame during which the replacement property must be identified. Give yourself plenty of time!
- We strongly encourage that a "Cooperation Clause" be inserted in contracts both to sell and purchase property. *See sample language on back cover.*
- Within 180 days of the transfer of the first property, the closing on the "like-kind" replacement property must occur.
- At the direction of the client, Independent Trustees will use the exchange proceeds from the sale of the prior property to acquire the like-kind exchange property. Independent Trustees also instructs the closer to transfer ownership from the seller to the client via direct deed.
- Additional information can be found at our website, [www.1031it.biz](http://www.1031it.biz).