

The Confidence of a Great Decision

HOW TO FEEL CONFIDENT WHEN SELECTING A QUALIFIED INTERMEDIARY

Many investors are unaware that Qualified Intermediary (QI) companies are not subject to federal government oversight except in a few states. 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 company's expertise, service, and financial security that will potentially be handling their 1031 exchange transaction. This brief list of questions is provided as an essential guide to assist you in feeling secure when selecting a Qualified Intermediary. We hope that you agree that your trust in our company is well-placed.

SAFETY AND SECURITY OF EXCHANGE FUNDS

- Do you provide a corporate guarantee? Can you provide evidence of the guarantee?
- Does a Fidelity Bond cover you and your employees? Can you provide evidence of insurance?
- What Exchange documentation do you provide? Can I review the documents before 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.



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