



CHRISTIANA

BANK & TRUST

Subsidiary of National Penn

LIKE-KIND EXCHANGE SERVICES FROM
CHRISTIANA CORPORATE SERVICES, INC.



If you or your organization intend to sell real or personal property and replace it with similar assets, you should consider a like-kind exchange transaction. With Christiana Corporate Services, Inc. serving as your partner, you may be able to enjoy significant tax advantages as well as a variety of other financial benefits.

A like-kind exchange may be an appropriate strategy if you are planning to sell business or investment property in order to acquire, modify or upgrade “like-kind” property. With a like-kind exchange that meets the requirements of the federal tax code (Section 1031), you or your organization can *defer payment of capital gains taxes* that might otherwise be due on the sale of appreciated assets.

THE BENEFITS FROM A LIKE-KIND EXCHANGE

In addition to the deferral of capital gains, a carefully structured like-kind exchange may allow you to:

- Make intergenerational asset transfers or distributions
- Effect intercorporate asset transfers

While like-kind exchanges can be used in numerous circumstances, many corporations employ them when they are planning a merger or acquisition or are engaged in an asset rationalization program. Very often, owners of closely held C or Subchapter S

corporations use like-kind exchanges for succession planning. Like-kind exchanges can also be used in corporate economic value-added evaluations.

Finding an institution that has the systems, the people, and the experience to facilitate and implement a successful like-kind exchange is critically important. Christiana Corporate Services, Inc. is that institution. We provide a full range of trust and escrow services that can help you or your clients manage every aspect of the exchange process.

WHO WE ARE

Christiana Corporate Services, Inc. is a wholly owned subsidiary of Christiana Bank & Trust Company, a publicly held Delaware banking corporation founded in 1993 dedicated to providing a superlative level of personal service and professional assistance to affluent individuals, families, and corporate clients throughout the nation. We have a client-focused corporate culture in which your needs *always* come first. We provide the following like-kind exchange services:

- Service as a qualified intermediary under safe harbor rules
- Complete recordkeeping
- Asset and document custody
- Full investment services for cash balances
- Escrow agency services
- Administration and distributions according to the terms of the exchange structure

LIKE-KIND EXCHANGES

Like-kind exchanges need not be simultaneous. The tax law sanctions deferred exchanges when specific requirements are met. If you opt to use the *Forward Deferred Exchange*, for example, you must ensure that proceeds from the sale of your asset are placed in a trust or escrow account and that you identify the replacement asset within 45 days of the sale date. You must actually acquire

the replacement asset within 180 days of the sale date (or by the due date of your tax return, including extensions, if earlier).

Another type of deferred like-kind exchange is known as a *Reverse Exchange Transaction*. Under this approach, you receive the replacement property prior to the date on which you transfer the relinquished property.

QUALIFYING ASSETS

Real Property: The tax law grants a wide degree of flexibility when it comes to exchanging real estate assets. “Like-kind property” includes:

- Land
- Land with improvements of any type
- A leasehold with a remaining term of at least 30 years

There is a great deal of interchangeability within these three categories. For example, you can exchange one type of real estate for another — a warehouse for raw land, a manufacturing facility for the lease on an office building, and so on.

Personal Property: Much less flexibility exists in the exchange of personal property. Depreciable

tangible personal property must be exchanged for like-kind property or for property within the same general asset class or product class. The law would permit you to exchange, for example, a heavy-duty dump truck for another heavy-duty dump truck, but it would not allow you to exchange a dump truck for a tractor-trailer or an automobile.

The tax law excludes certain types of property from a like-kind exchange — inventory, securities, partnership interests, trust certificates, and choses in action. In addition, you cannot exchange U.S. property for foreign property.

THE BENEFITS OF WORKING WITH CHRISTIANA CORPORATE SERVICES, INC.

Depth of Experience: When it comes to structuring complex transactions, there’s no substitute for experience. Our professionals have that experience — in abundance. With an average of 30 years’ experience, our team members have the specialized knowledge necessary to ensure that your like-kind exchange will achieve your objectives.

A Superlative Level of Service: Ours is a corporate culture that always places the interests of our clients first. Our professionals are committed to meeting each of our client’s needs efficiently and proactively.

A Focus on the Important Issues: Our work on like-kind exchanges is not a sideline. It is an important component of our overall business mix. That’s one reason we seek out and hire the best professionals in the field.

Our Team Approach: Our multidisciplinary team of professionals works closely with each client’s legal and financial advisors to ensure that all transactions are handled smoothly and effectively.

An Invitation

We invite you to contact us for further information on how you or your clients may be able to defer recognition of capital gains tax liabilities and enjoy various other advantages by using Christiana Corporate Services, Inc. to implement a like-kind exchange.

For more information, please contact:

*In Delaware: Lou Geibel
 302.888.7424
 lgeibel@christianatrust.com*

*In Nevada: Doris Krick
 702.732.9734
 dkrick@christianatrust.com*