

**§1031 TAX DEFERRED EXCHANGES
YOUR SOURCE FOR SUPERIOR SERVICE**

§1031 TAX DEFERRED EXCHANGE

THE POWER OF EXCHANGE

ASSET PRESERVATION, INC.



**ASSET PRESERVATION
INCORPORATED**

a Stewart Title Company subsidiary



RE: Asset Preservation, Inc. - IRC §1031 Qualified Intermediary Services

We are pleased that you have expressed interest in the exchange services offered by Asset Preservation, Inc. and look forward to meeting your exchange needs. Enclosed is an overview of Asset Preservation's Commercial Division and our Qualified Intermediary services. We are certain that the information provided fully addresses your questions regarding Asset Preservation, Inc. (API) and our ability to be of service to you on all your IRC §1031 tax deferred exchange needs.

Included in this summary is detailed information on API and our Commercial Division. The Commercial Division focuses exclusively on the needs of commercial and national clients involved in more complex multi-site transactions.

We will work closely with you to assist in structuring and closing your transactions.

We trust that you will find the services, security and integrity offered by API to be unmatched by our competitors. Should you have any questions upon review, please contact me at 800-282-1031, extension #315.

We look forward to being of service to you.

Sincerely,

A handwritten signature in black ink that reads "Javier G. Vande Steeg". The signature is written in a cursive style with a large, sweeping flourish at the end.

Javier G. Vande Steeg
President

An IRC §1031 National "Qualified Intermediary"

National Headquarters • 4160 Douglas Boulevard • Granite Bay, CA 95746

(916) 791-5991 • (800) 282-1031 • Fax: (916) 791-6003

www.apiexchange.com

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ASSET PRESERVATION, INC.

Asset Preservation, Inc. (API) is a leading national IRC §1031 Qualified Intermediary and is part of the Stewart Information Services Corp. (NYSE: STC) family of companies. Stewart is a technology driven, strategically competitive global real estate information company that provides title insurance and related information services through more than 7,000 issuing locations in the United States and in several international markets.

Established in 1990, API has successfully facilitated over 120,000 real and personal property exchanges and is recognized as one of the leading Qualified Intermediary companies in the nation. API's documents and systems have evolved over time and have been used in thousands of successful exchange transactions.

API's Commercial Division will manage every aspect of your exchange in accordance with IRS Rules and Regulations. Our system is designed to provide the most security for funds held and to maintain the integrity of every exchange facilitated. We provide accurate and timely information to principals and their advisors who decide to explore the possibilities of tax deferral within the scope of Section 1031.

API's sole purpose is to guide the Exchanger through each exchange transaction. Each Exchanger will be assigned to a team of experienced experts from the Commercial Division who will be available to answer questions. You can rely on API's proven transaction documents and fund management program to effectively complete any type or size §1031 tax deferred exchange.

MISSION STATEMENT

To excel as the premier §1031 "Qualified Intermediary" company nationally by delivering superb service, the highest levels of security for proceeds and value-added solutions from the industry's foremost experts.

COMMERCIAL DIVISION - SERVICE CAPABILITY

Each year, API handles over 10,000+ exchange transactions, including both real and personal property. Everyone within the Commercial Division is a seasoned professional and experienced in facilitating §1031 exchange transactions, making customer service our top priority. Members of the Commercial Division works together as a team to ensure the accurate preparation and execution of your §1031 tax deferred exchange.

All of Asset Preservation's systems are structured to handle large volumes of transactions and exchange funds with ease. API's integrated software systems provide critical information throughout the exchange process including:

- Updated and accurate information at all times
- Flexible exchange documentation
- Pre-closing reports to monitor client activities
- Critical date reports, such as advance 45-day and 180-day reminders
- On-line exchange account access providing instant balance information
- Equity, debt and sales price tracking forms for multiple property exchanges

The Commercial Division is accessible as follows:

- Toll-free: (800) 282-1031, Monday through Friday
- 24-Hour voicemail, reviewed & addressed promptly
- E-mail accessibility, addresses furnished upon request

The Commercial Division can initiate exchange transactions, of all types, within hours of receiving a request for services.

Having worked closely with closing officers in every state, our Commercial Division is capable of documenting exchanges on short notice. After a complete request for services is received, documentation will be prepared and dispatched to all interested parties. Reverse and improvement exchanges, which involve significant amounts of documentation in addition to those required in a standard delayed exchange, can also be documented quickly as needed by the client.

COMMERCIAL DIVISION - THE “API ADVANTAGE”

API has participated in over 120,000 exchange transactions since 1990. These exchanges have consisted of all types of transactions, from simultaneous to “parking arrangement” exchanges. Our Commercial Division prides itself in the flexibility of our exchange procedures, which allow our staff to adapt quickly and efficiently to any type of exchange situation. The experts in our Commercial Division are always available to address concerns and provide consultation on delayed and simultaneous exchanges.

The Commercial Division offers a very sophisticated structure for reverse and improvement exchanges and the most qualified professionals to facilitate these complex and unique transactions. In a reverse or improvement exchange, the Commercial Division forms an Exchange Accommodation Titleholder, commonly referred to as an “EAT”, to hold title to a the property to be “parked” in the transaction. A new single purpose entity is used in most cases to ensure the parked property is fully insulated from any liability that might arise in any given transaction. The Commercial Division creates a limited liability company (LLC) to act as the Exchange Accommodation Titleholder for each Exchanger. By holding property in its own separate entity, API isolates the Exchanger from liability issues. Each separate entity complies with state and federal registration and filing requirements. API has performed thousands of reverse and improvement exchanges and our Commercial Division can help you navigate through the potentially complex and destructive pitfalls. The Commercial Division’s services include:

- Consultation
- Formation of a separate Limited Liability Company (LLC)
- Prepare exchange documentation
- Consult with lender on tax deferred exchange requirements
- Review third-party documentation
- Coordination of the closing
- Monitor ownership of the “parked” property
- Construction disbursements in build-to-suit/improvement exchanges
- Dissolution of the LLC
- Interface with the tax counsel in structuring a complex exchange

In addition to facilitating real property exchanges, the Commercial Division is experienced in facilitating personal property exchanges. Personal property exchanges take on many types and forms, and our counselors are prepared to assist Exchangers in any type of personal property exchange transaction.

COMMERCIAL DIVISION - DOCUMENTATION

Asset Preservation team members are highly skilled at structuring exchange transactions with little interruption to the regular business activities of our clients. All of the items below are designed to facilitate swift and efficient exchange transactions, limiting interference in your daily activities. Products available to assist in transaction efficiency include:

- Interactive website at www.apixchange.com
- Customized exchange software systems
- Phone-in order forms for transaction initiation
- Online ordering and customized fax-in order forms
- E-mail order initiation
- Courier and overnight express shipment of exchange documentation
- E-mail communication of documents with clients and closers
- Electronic wiring of exchange funds

Documentation prepared for each transaction includes:

Relinquished Property Closing (Phase I)

- Service Order Form
- Exchange Agreement
- Assignment of Property Sale Agreement
- Notice of Assignment of Rights Under Purchase and Sale Agreement
- New Account Form
- Replacement Property Identification Letter
- Computer-generated 45-day/180-day Date Letters

Replacement Property Closing (Phase II)

- Assignment of Property Purchase Agreement
- Notice of Assignment of Rights Under Purchase and Sale Agreement
- 1031 Exchange Request for Funds

COMMERCIAL DIVISION – EXCHANGE TEAM

API will assign a highly experienced team of experts from its Commercial Division to serve the specific needs of each Exchanger. Each person assigned to the team contributes a unique set of skills, enabling API to address the wide variety of exchange situations that can often be encountered on complex and multi-site transactions. Additionally, each of the team members works with a highly experienced assistant who will ensure timely execution of procedures and communications with you.

Javier G. Vande Steeg, CEO and President

Javier is the co-founder of Asset Preservation, Inc., and has been involved in exchange transactions since 1990. He is a nationwide speaker on IRC §1031 and is recognized as a leader in the industry. He is available to help structure detailed transactions and will be available to provide information on complex tax issues. Mr. Vande Steeg is a graduate of California State University, Sacramento, where he earned his Bachelor of Science Degree in Business Administration. Additionally, he is a licensed real estate agent with many years of brokerage and development experience.

Jonathon E. Christianson, V.P. – Commercial Division & Corporate Counsel

Jon, API's Corporate Counsel, specializes in tax planning for individuals, closely held businesses, trusts and estates with an emphasis on business entity formation, tax deferred exchange transactions and real estate transactions. Jon dedicates his time assisting in the preparation of exchange documents and structuring complicated exchange transactions, speaks to accountants, attorneys, real estate brokers and principals nationwide. Jon received his L.L.M. in taxation in 1995 from the University of the Pacific Mc George School of Law, where he also received his law degree in 1991. While earning his law degree, Mr. Christianson was a staff writer and member of the Board of Editors of the Pacific Law Journal.

Joan Poimiroo, Sr. Vice President

Joan, Sr. Vice President has been involved in all aspects of the exchange arena, including reverse, improvement, personal property and commercial property exchanges. Joan, who has been with API for over ten years, is a Business Administration and Sociology graduate of California State University, San Jose, and has held managerial positions in a variety of highly visible organizations, such as the American Psychiatric Associates and the Western Interstate Commission.

Diane Fox, Vice President

Diane is Vice President in API's Commercial Division handling reverse, improvement and commercial transactions. Diane has been in this position at API since 2000. Prior to joining API, she was a closer for a national title insurer for 15 years handling complex commercial closings. She has over 20 years experience in finance and real estate and her background includes analyzing computer programs, overseeing computer updates and revisions and the implementation of the system to track the exchange process.

Heidi Best, Sr. Exchange Counselor

Heidi has enjoyed her work as an exchange counselor with Asset Preservation since 1998. She joined the Commercial Division in 2005, and works with Diane Fox on more complicated reverse and improvement exchanges. Prior to API, Heidi was a paralegal for seven years, having earned her paralegal certificate from American River College. She has a Bachelor of Arts degree in English Literature from California State University, Chico.

LEGAL/TAX COUNSEL & OPERATIONS

Scott Saunders, Sr. Vice President

Scott, Sr. Vice President, is responsible for new business development nationally. Scott has sixteen years of experience in the tax deferred exchange industry and is available to help structure transactions within the Commercial Division. Scott received his degree in Business Economics from the University of California at Santa Barbara and was a contributing author to the book *Real Estate Exchanges: Using the Tax Deferred Exchange in Real Estate Investment Management* in 1991.

Bob Schardt, Vice President of Operations

Bob is in charge of Operations at the National Headquarters in Granite Bay, California. He has 16 years of experience in the real estate industry including commercial real estate brokerage, title/escrow and commercial development. Bob has been with Asset Preservation, Inc. since early 1999 structuring both real and personal property exchanges within the Commercial Division, including aircraft and personal property exchanges. In 1986, Bob graduated from California State University of Chico, with a Bachelor of Science degree in Business.

Monika Thompson, CPA

Monika is a CPA who works within the Commercial Division to form and maintain the many special purpose entities (SPE's) that are often needed to help national clients accomplish their investment objectives in reverse and improvement exchange transactions. Monika has been a CPA for over twenty years. She received her Bachelor of Science degree in Accounting from California State College, Northridge.

Associated Legal Counsel

As a subsidiary of Stewart Title Company, API has at its disposal, on individual state levels, a staff of attorneys available to promptly assist us on relevant exchange issues. Additionally, API has an independent counsel on retainer who reviews all exchange documentation on a regular basis to ensure that forms and processes are in keeping with the latest changes in tax law. API's independent counsel is a respected tax attorney with many years of experience in all aspects of tax law. Should questions or concerns arise regarding any of your transactions, our legal counsel is at hand to review the proposed transaction and provide guidance on the legal and tax issues involved.

COMMERCIAL DIVISION - SECURITY OF FUNDS

While facilitation of the exchange transaction is imperative to the successful completion of a valid §1031 exchange, security of exchange proceeds is paramount to all other aspects. Asset Preservation's support by Stewart Title Company and the use of highly respected investment banking facilities allows our clients to hold a high level of confidence regarding the security of their exchange funds.

API is a subsidiary of Stewart Title Company. Stewart Title Company's parent, Stewart Information Services Corporation, is traded on the New York Stock Exchange (*NYSE: STC*), and annual financial reports are available upon request. API is able to offer you a "Letter of Assurance" from Stewart Title Company, which provides a third-party guarantee (a safe harbor under the 1991 Treasury Rules and Regulations) of API's performance. A sample copy of the "Letter of Assurance" is included for your reference. API is also backed by a \$10,000,000 Fidelity Bond to provide additional security for exchange proceeds.

In addition, Asset Preservation, Inc. has established solid relationships with a number of financial institutions ensuring that all exchange proceeds are held in separate "Qualified Exchange Accounts", earning high yields. Currently, API is using Comerica Bank. API's transaction system is designed with a number of security measures, including:

- Qualified Exchange Accounts structured in accordance with IRS Regulations to prevent constructive receipt of exchange funds.
- The Exchanger may require a notarized signature for the movement of funds.

Exchangers are invited to contact the Commercial Division at any time during the exchange process to inquire as to the status and balance of their exchange accounts. API has on-line "read only" access to account balance information available at all times.

COMMERCIAL DIVISION – LETTER OF ASSURANCE

Date:

Re:

Asset Preservation, Inc. (Qualified Intermediary)
4160 Douglas Blvd.
Granite Bay, CA 95746

Letter of Assurance

Dear _____,

When using the services of Asset Preservation, Inc., or any of its wholly owned subsidiaries, as a Qualified Intermediary, relative to the exchange concerning the real and/or personal property, as referred to above, Stewart Title Company (STC), subject to the Conditions and Exclusions set forth below, hereby agrees to reimburse Exchanger for actual loss incurred by Exchanger in connection with such exchange when conducted by Asset Preservation, Inc., or any of its wholly owned subsidiaries, when such loss arises out of failure of Asset Preservation, Inc., or any of its wholly owned subsidiaries, to comply with the terms of the Exchange Agreement and any corresponding documents executed between Asset Preservation, Inc., or any of its wholly owned subsidiaries, and Exchanger or relating to fraud or dishonesty of Asset Preservation, Inc., or any of its wholly owned subsidiaries, its employees, officers or agents in handling Exchanger's funds or documents in connection with such exchange.

CONDITIONS AND EXCLUSIONS

- A. STC will not be liable to Exchanger for loss arising out of impairment of Exchanger's funds in the course of collection, investment in any designated investment vehicle or while on deposit with a bank due to such bank's or investment's failure, insolvency or suspension, except such as shall result from failure of Asset Preservation, Inc., or any of its wholly owned subsidiaries, to comply with the Exchange Agreement which may require the deposit of funds in a bank or other designated depository or investment, as specified in the Exchange Agreement.
- B. When STC shall have reimbursed Exchanger pursuant to this letter, STC shall be subrogated to all rights and remedies which Exchanger would have had against any person(s) and/or property had Exchanger not been so reimbursed. Liability of STC for such reimbursement shall be reduced to the extent that Exchanger has knowingly and voluntarily impaired the value of such right of subrogation.

- C. STC shall not be responsible to Exchanger for any Loss suffered or incurred by the Exchanger due to adverse tax consequences rendered by any State or Federal agency.
- D. Notice of any loss suffered by Exchanger protected by this letter shall be made promptly to STC at its Principal Office in Houston, Texas, addressed to President, Stewart Title Company, 1980 Post Oak Blvd., Houston, Texas, 77056. When the failure to give prompt notice shall prejudice STC, liability of STC hereunder shall be reduced to the extent of such prejudice. STC shall not be liable hereunder unless notice of such loss, in writing, is received by STC at its Principal Office within ninety (90) days from the date of discovery of loss.
- E. STC shall not be liable for any consequential or punitive damages suffered by Exchanger, if any.
- F. Any liability of STC for loss incurred by Exchanger in connection with the Exchange of the aforesaid real estate by Asset Preservation, Inc., or any of its wholly owned subsidiaries, shall be limited to the entity or person to whom addressed and only to the extent of such protection provided by this letter and shall not benefit any other parties, unless otherwise specifically provided herein.

The protection herein offered will be effective upon receipt by Asset Preservation, Inc., of Exchanger's acceptance in writing, which may be made on a copy.

Sincerely,



Stewart Morris, Jr., President

Accepted:
Asset Preservation, Inc.

Countersigned:

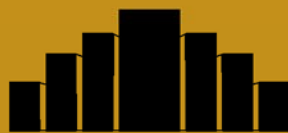
By: _____

By: _____

Title: _____

Title: _____

Date: _____



**ASSET PRESERVATION
INCORPORATED**

A National IRC §1031 "Qualified Intermediary"

NATIONAL HEADQUARTERS

800-282-1031 www.apiexchange.com

Member: Federation of Exchange Accommodators