

**Ed Easton  
Exchange Summary**

		<b>Property Purchased</b>
		Baker Property Group
Market Value		475,000
Mortgages Outstanding		270,000
Equity		205,000
Other Property Received		0
<b>Total Received</b>		<b>205,000</b>
Cash Conveyed		205,000
Notes Conveyed		0
Other Property Conveyed		0
<b>Total Conveyed</b>		<b>205,000</b>

	<b>Property Conveyed</b> Baker Property Group	<b>Property Received</b> Ashton Properties
Market Value	475,000	325,000
Mortgages Outstanding	270,000	160,000
Basis of Exchange Property Given	475,000	120,000
Adjusted Basis of Other Property	0	0
Sales Commission	0	
Other Transaction Costs	0	
<b>Balancing of Equities</b>		
Market Value	475,000	325,000
Less Existing Loans	270,000	160,000
Equity	205,000	165,000
Cash Conveyed / Received	0	40,000
Notes Conveyed / Received	0	0
Other Property Conveyed / Received	0	0
<b>Balance</b>	<b>205,000</b>	<b>205,000</b>
<b>Calculation of Realized Gain</b>		
<i>Received in the Exchange</i>		
Value of Property Received		325,000
Mortgage on Property Given		270,000
Cash Received		40,000
Notes Received		0
Other Property Received		0
<i>Net Received</i>		635,000
<i>Given in the Exchange</i>		
Adjusted Basis of Property Given	475,000	
Mortgage on Property Received	160,000	
Cash Given	0	
Notes Given	0	
Other Property Given	0	
Sales Commissions	0	
Other Transaction Costs	0	
<i>Net Given</i>	635,000	
<b>Realized Gain</b>	<b>0</b>	

**Calculation of Recognized Gain**

Debt Relief		110,000
Cash, Notes, Other Property Received		40,000
Total Boot Received		150,000
Transaction Costs	0	
Cash, Notes, Other Property Given	0	
Ordinary Income Under Recapture Rules		

**Recognized Gain** 0**Deferred Gain** 0**Transfer Basis**

Market Value of Property Acquired		325,000
less Realized Gain		0
plus Recognized Gain		0

**Basis of Property Acquired** 325,000**Equity Position After Exchange**

Market Value of Property Conveyed	475,000	
less Mortgage Outstanding	270,000	
= Original Equity Position	205,000	
less Transaction Costs	0	
less Estimated Taxes on Recognized Gain	0	
plus Cash Received	40,000	

**New Equity Position** 245,000

**Sample Worksheet for IRS Form 8824**

**Basic Data**

A	Fair market value of the like-kind property received.....	325,000	
B	Mortgage assumed on the like-kind property received.....	160,000	
C	Equity Received. Subtract line B from line A.....		165,000
D	Fair market value of other property received.....		0
E	Installment note received.....		0
F	Total of non-cash items received. Add lines C, D, and E.....		165,000
G	Fair market value of the like-kind property given up.....	475,000	
H	Mortgage assumed by the other party.....	270,000	
I	Equity given. Subtract line H from line G.....	205,000	
J	Fair market value of the other property given up.....	0	
K	Total of non-cash items given up. Add lines I and J.....		205,000
L	Cash received. ....		150,000
M	Cash given. Subtract line K from line F.....		(40,000)

**Line 15 Summary**

A	Cash Received.....		40,000
B	Fair market value of other property received.....		0
C	Installment note received.....		0
D	Mortgage assumed by other party.....	270,000	
E	Mortgaged assumed on like-kind property received.....	160,000	
F	Net mortgage relief (Subtract line E from line D, not below zero).....	110,000	
G	Cash given.....		0
H	Fair market value of other property given up.....		0
I	Installment note given.....		0
J	Cash and Boot received. Add lines A, B, C and F.....		150,000
K	Cash and Boot given. Add line G, H and I.....		0
L	Net Cash and Boot		150,000
M	Exchange Expenses (total).....		0
N	Exchange expenses to extent of boot received...(Enter smaller of line L or line M)...		0
O	Subtract line N from line L.....(Enter on Form 8824, line 15).....		150,000

**Line 18 Summary**

A	Adjusted basis of like kind property given up.....	475,000	
B	Expenses not used on line 15.....		0
C	Mortgages assumed on like kind property received.....	160,000	
D	Cash Given.....		0
E	FMV of other property & note given up over liabilities assumed by other party.....		0
F	Add lines C thru E.....	160,000	
G	Mortgage assumed by other party.....	270,000	
H	Excess of liabilities assumed, cash paid and FMV of other property given over mortgage assumed by other party. Line F less line G		0
I	Add lines A, B, and H.....(Enter on Form 8824, Line 18).....		475,000

**Sample Worksheet for IRS Form 8824 (cont.)**

12 Fair Market Value (FMV) of other property given up.....	12	0
13 Adjusted basis of other property given up.....	13	0
14 Gain or (loss) recognized on other property given up, Subtract line 13 from line 12. Report the gain or (loss) in same manner as if exchange had been a sale.....		0
15 Cash received, FMV of other property received, plus net liabilities of other party, reduced (but not below zero) by any exchange expenses you incurred.....		150,000
16 FMV of like-kind property you received.....		325,000
17 Add lines 15 and 16.....		475,000
18 Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses not used on line 15 (See instructions).....		475,000
19 Realized gain or (loss). Subtract line 18 from line 17.....		0
20 Enter the smaller of line 15 or line 19, but not less than zero.....		0
21 Ordinary income under recapture rules. Enter here and on IRS form 4797, line 16....		0
22 Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless installment method applies.....		0
23 Recognized gain. Add lines 21 and 22.....		0
24 Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions.....		0
25 Basis of like-kind property received. Subtract line 15 from sum of 18 & 23.....		325,000