



CELEBRATING
55 YEARS

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Patty Flowers of IPX1031 educating advisors and investors on 1031 regulations throughout New England

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Patricia Flowers is asst. vice president for Investment Property Exchange Services, Inc. (IPX1031) in the Boston office, educating investment property owners, tax and legal advisors on the section 1031 regulations and structuring tax deferred exchanges throughout the New England area.

How did you become involved with the tax deferred exchanges?

I had been working for a local real estate software company for a number of years, selling and training law offices and title companies on the use of conveyancing software in their practice. An associate of mine had met the president of IPX1031, who was in Boston preparing to open a New England office. They had been discussing possible candidates and knew "the perfect person". That was in 1998 and I have always been grateful for that introduction.

Then you have been in the real estate industry a long time?

Yes, the summer after college I worked for a property management company, realized there were many aspects to real estate and decided that may be good career path. I worked in mortgage lending and condominium underwriting before moving on to the software company and then to my present position. Real estate transactions are handled differently throughout the country. With IPX1031 having over 40 offices, I am able to offer the strength and security of a large company yet maintain specialized local service for my clients.

Why is that strength and security you mentioned so important?

In the past year there has been a bit of a blow to our industry, with two national Intermediaries unable to make disbursements of its client's exchange funds. The loss was substantial, and many of those taxpayers were not be able to complete their exchanges. Our company has a number of safeguards in place to ensure client's exchange funds are protected, and carries \$100 million fidelity bond along with a written guarantee of funds by a third party. At IPX1031, the safety and security of the client's exchange funds is a top priority, and I am proud to be part of this organization.

Additionally, the tax codes are forever changing. Having the resources and presence of a national company allows us to receive updates quickly, and determine the impact to the taxpayer, and get that information out to the investors and advisors in a timely manner.

What is a Tax Deferred Exchange, anyway?

As part of the Internal Revenue Code, the IRS allows property owners to complete tax-deferred exchanges to delay the recognition of capital gains tax on the disposition of their investment properties. They also are referred to as Like-Kind Exchanges, because the property held for productive use in a trade or business or for investment which is sold must be exchanged for property of like-kind, which will also be held in the same manner. However, it is only "like-kind" in how taxpayers use the property, which allows them great flexibility for their portfolio.

This tax strategy allows investors selling property to keep that extra money that otherwise would

have paid to the government and parlays it into other real estate to increase their cash flow, to diversify, consolidate or even relocate with their real estate holdings. Additional intentions may be to reduce management burdens or strengthen their estate planning strategies.

1031 Exchanges have been part of the tax code in some form or another for decades, but the west coast really had a handle on it much earlier than we on the east coast. Much of my marketing still focuses around the continuing education seminars and the services we can provide.

What specific qualities do you bring as a woman to this part of the real estate industry?

My strong communication skills and personality have strengthened the quality of my presentations - I truly enjoy the interaction and being able to enlighten the investors and advisors on the tax saving strategies of an exchange. I listen to each client's needs and then translate the detailed Regulations into a working solution for their scenario.

Education is key - I was one of the first to be awarded the Certified Exchange Specialist (CES) Designation through the Federation of Exchange Accommodators. It is a nationally recognized program for professionals who meet specific competency and work-experience criteria, have passed a national standards exam and maintain continuing education requirements.

Being an integral part of an investor's team, and the ability to successfully guide them through the exchange process, brings me a true sense of accomplishment. It's rewarding to help clients achieve their investment goals - whether they are trying to preserve their capital on gains of \$100,000 or \$100 million!

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