

Davies Product Exchange and Banking Programs

Allows clients to maximize the value of their existing assets towards current or future needs. Both programs qualify and conform with IRS regulation code Section 1031 (a) relating to “Like-Kind” exchange. In each case, Davies will exchange or return a physical “Like-Kind” of remanufactured furniture equal to the amount banked or exchange by the client. The client will pay the agreed price for the remanufacturing services provided.

The value of the product deposited or exchanged with Davies will vary by product, age and condition. Both parties acknowledge that the value of individual products vary from time to time due to changing market conditions, technical obsolescence and various external factors impacting the furniture industry.

It is important to note that these transactions represent no transfer in **Title**. The client has neither a gain nor loss with product exchanged or banked with Davies.

Benefits include:

- 1). Client can continue existing depreciation schedule.
- 2). Eliminates the cost associated with storing unused furniture including the lost “opportunity costs” associated with the space used to store the furniture.
- 3). Provides a value for product that was purchased years ago.
- 4). Provides the opportunity to change product specification to fit today’s needs rather than trying to make yesterday’s decisions compatible with present and future requirements.
- 5). Provides client with completely recycled, remanufactured furniture at a minimal cost. These costs can be either expensed or capitalized depending on each situation.
- 6). Provides a pro-active “environmental” approach in dealing with the re-use and re-deployment of existing assets.