ASSET RECLASSIFICATION GROUP LLC

Institutional Data & Fiduciary Verification

Sample Audit-Ready File Packet & Substantiation Binder

NOTICE OF REDACTION & CONFIDENTIALITY CLEARANCE

This sample file binder contains institutional-grade documentation structured in accordance with IRS Audit Defense Standards, USPAP Valuation Guidelines, and Treasury Regulations. All proprietary client entity names, parcel identification numbers, specific tax ID numbers, and financial monetary metrics have been systematically redacted ([REDACTED]) to maintain client privacy while demonstrating exact structural layout, legal formatting, and schedule mechanics.

TABLE OF CONTENTS

SECTION I: EXECUTIVE SUMMARY & ASSET PROFILE

Engaging Entity: Asset Reclassification Group LLC (ARG)

File Reference ID: ARG-2026-8849-SAMPLE

Subject Asset Type: Commercial Real Estate & Tangible Personal Property

Tax Year Under Review: 2026

Primary Applicable Internal Revenue Code (IRC) Provisions: IRC §168(i)(8), IRC §1245, IRC §1250, Treasury Regulation §1.168(i)-8

Overview of Reclassification Objective

This binder substantiates the legal severance, tangible asset identification, and reclassification of property components associated with Subject Asset ID [REDACTED-FL-PARCEL]. The primary objective is establishing an audit-ready, defensible tax basis adjustment, verifying title encumbrance releases, and generating standardized schedules for direct CPA tax reporting.

SECTION II: FORENSIC TITLE AUDIT & CHAIN OF CUSTODY

1. Title Abstract & Chain of Ownership Verification

A 10-year forensic title search was conducted on the subject property. All deeds, encumbrances, and conveyances were audited for legal enforceability, clear chain of title, and proper recordation.

- **Grantor / Historical Owner:** [REDACTED HOLDINGS LLC]
- **Grantee / Current Titleholder:** [REDACTED CAPITAL PARTNERS GROUP]
- **Conveyance Instrument:** Special Warranty Deed (Book [XXXX], Page [YYY])
- **Encumbrance Status:** Title is free of unrecorded liens, superior security interests, or title defects that would impair legal asset severance.

2. Legal Covenant & Rights Encumbrance Analysis

- **Easement & Right-of-Way Status:** Verified clear under County Official Records.
- **Fiduciary Custody Status:** Full legal chain of custody maintained. Original title policies, title abstracts, and closing settlement statements are archived under encrypted AES-256 digital storage.

SECTION III: QUALIFIED USPAP APPRAISAL & ASSET VALUATION SCHEDULE

1. Valuation Methodology

This valuation was conducted in strict compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) and Treasury Regulation standards for tax basis allocation.

- **Primary Valuation Approach:** Cost Segregation & Engineering-Based Cost Method
- **Secondary Valuation Approach:** Sales Comparison & Income Capitalization Cross-Validation
- **Effective Date of Valuation:** January 15, 2026

2. Asset Allocation & Reclassification Breakdown

Asset Description	IRC Classification	Property Class / Life	Unadjusted Basis (%)	Reclassified Basis (Sample $)
Building Structure & Core	IRC §1250	39-Year Straight Line	62.5%	$ [REDACTED]
Site Improvements & Paving	IRC §1250	15-Year Land Improvement	14.0%	$ [REDACTED]
Specialized Electrical / HVAC	IRC §1245	5-Year Tangible Property	12.5%	$ [REDACTED]
Millwork, Security & Fixtures	IRC §1245	7-Year Tangible Property	11.0%	$ [REDACTED]
TOTAL ALLOCATED BASIS	**Combined**	**Fully Allocated**	**100.0%**	**$ [REDACTED]**

SECTION IV: EXECUTED LEGAL SEVERANCE INSTRUMENT

Memorandum of Legal Severance & Liability Discharge

(Summary Extract of Recorded Instrument)

RECORDING REQUESTED BY:

Asset Reclassification Group LLC

Fiduciary & Institutional Compliance Division

DOCUMENT TITLE: CERTIFICATE OF LEGAL SEVERANCE AND COVENANT DISCHARGE

RECITALS:

1. **WHEREAS**, the undersigned Entity holds legal and equitable interest in the structural and tangible personal property components described in Section III;
2. **WHEREAS**, an engineering and forensic legal audit has established that specific tangible asset components are legally and physically severed from real property obligations;
3. **NOW, THEREFORE**, the ongoing maintenance liabilities, residual lease obligations, and ongoing tax covenant burdens associated with the severed components are hereby permanently discharged and converted to personal property class under applicable state and federal statutes.

- **Executing Fiduciary Authority:** [AUTHORIZED ARG COMPLIANCE OFFICER]
- **Notary Acknowledgment:** Executed and notarized under County Records ([REDACTED COUNTY, FL]).

SECTION V: CPA TAX REPORTING SCHEDULE

1. Standardized Tax Return Attachment Formats

This schedule provides the required line-item breakdowns for direct inclusion on IRS Form 4562 (Depreciation and Amortization) and associated entity tax schedules (Form 1040 Schedule C, Form 1065, or Form 1120-S).

IRS Form 4562 Mapping Summary

- **Part I / Line 6 (IRC §179 Expense Deduction):** Qualified 5-Year / 7-Year Property components eligible up to statutory limits.
- **Part II (Special Depreciation Allowance / MACRS):** Accelerated depreciation calculation applied to qualified 5-Year, 7-Year, and 15-Year property under IRC §168(k).
- **Part III (MACRS Depreciation):**
  - **5-Year Property (Half-Year / 200% DB):** Entered on Line 19a
  - **7-Year Property (Half-Year / 200% DB):** Entered on Line 19b
  - **15-Year Property (Half-Year / 150% DB):** Entered on Line 19e
  - **39-Year Real Property (Mid-Month / Straight Line):** Entered on Line 19h

2. Audit Defense & Regulatory Compliance Statement

- **Treasury Regulation Compliance:** Fully compliant with Tangible Property Regulations (T.D. 9636) regarding partial dispositions, repair vs. capitalization, and asset grouping rules under IRC §263(a).
- **Audit Defense Guarantee:** In the event of an IRS or State Department of Revenue inquiry regarding this asset allocation, Asset Reclassification Group LLC provides complete substantiation packages, underlying engineering workpapers, title abstracts, and expert appraisal witness defense.

END OF FILE PACKET BINDER

Document Generated & Certified by Asset Reclassification Group LLC

Contact: compliance@assetreclassify.com | Toll-Free: (888) 278-1348