

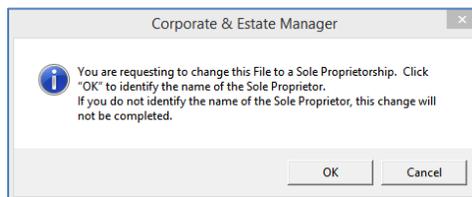
Section 85 Rollover – Assets for Shares/Promissory Note

To begin the process, two Corporate Matters must be in Emergent Corporate Manager – the Vendor and the Purchaser.

Creating a Sole Proprietor Vendor

If an individual is transferring assets to a purchasing corporation, the "Vendor" must be a Sole Proprietor. To start the process of adding a new Record to Emergent Corporate Manager, add a temporary name (this can even be a single letter) and enter an incorporation date to click through steps 2 – 4 of the Organization Wizard. Although a name and incorporation date are mandatory fields, there is no need to add Directors, Officers, Share classes, etc. After the final step of the Organization Wizard, change the Vendor **Corporate Status** to Sole Proprietor by setting the **Status** of this Record to **Sole Proprietor** on the **Administration/Annuals Tab**.

You will then be prompted to search for the name of the Sole Proprietor. Click **ok** to select an existing Individual Contact or add a new Contact in the usual manner, and confirm **ok** at the prompt.



Entering Assets and Liabilities

Click on the **Capital Tab**, **Assets** or **Liabilities** sections and enter the assets and/or liabilities owned by the Vendor as described in the Assets, Liabilities section.

Switch to the **Section 85** section on the **Capital Tab**, select any Asset to be transferred and select **New transaction** on the dropdown menu to start the Rollover Wizard.

S. 85						
Section 85						
Transaction	Description	Original Value	Entered Date	Cancelled Date	Price Per Item	Purchase Price
	123 Main Street	\$2,500,000.00	06/01/2003			
	Dental Equipment	\$750,000.00	06/01/2003			
	Office Equipment	\$250,000.00	06/01/2003			
		\$500,000.00	08/15/2010			

Select the Vendor in the dropdown. In the case of an asset rollover, the Vendor will be the Sole Proprietor. Original Value and Purchase Price will display automatically.

Note: Items that have no Quantity or Purchase Price entered will not be transferred.

Select the tickboxes for Transfer for Shares, and/or a Promissory Note. You can create a new Share Class in the Purchasing Corporation or select a class of shares to issue. Issue the number of shares and enter the Certificate Number. It is also possible to view any used certificate numbers for this class.

If a Promissory Note is part of the transaction, enter the amount.

The Vendor can also be added as a Director in the Purchasing Corporation.

Description	Quantity	No. Transferred	Price Per Item	Original Value	Purchase Price	Note	Residual Cert #
123 Main Street	1			\$2,500,000.00	\$3,000,000.00	3 Tenants	
Dental Equipment	1			\$750,000.00	\$500,000.00		
Office Equipment	1			\$250,000.00	\$150,000.00		
BMD Mtg 123 Main Str	1			(\$500,000.00)	(\$300,000.00)		

The results of this transaction are:

- The Vendor will no longer hold the Assets;
- The Assets of the Vendor will be transferred to the Purchaser;
- If a Promissory Note was given as part of the transaction, it will show as an Asset in the Vendor Matter and a Liability in the Purchasing Corporation;
- The Vendor will become a Shareholder in the Purchasing Company;
- If **Add Vendor as Director** was checked, the Vendor will become a Director of the Company elected as of the Transaction Date.

Combination S.85/S.86 Share Exchange/Estate Freeze

There are a number of steps in this process, starting with both Corporate Records must be entered in Corporate Manager ET.

- Perform the S.85 as set out above;
- Issue Shares in the Originating Corporation to the Purchasing Corporation;
- Exchange the Shares held by the Originating Corporation using the Common Tasks/Exchange Wizard.