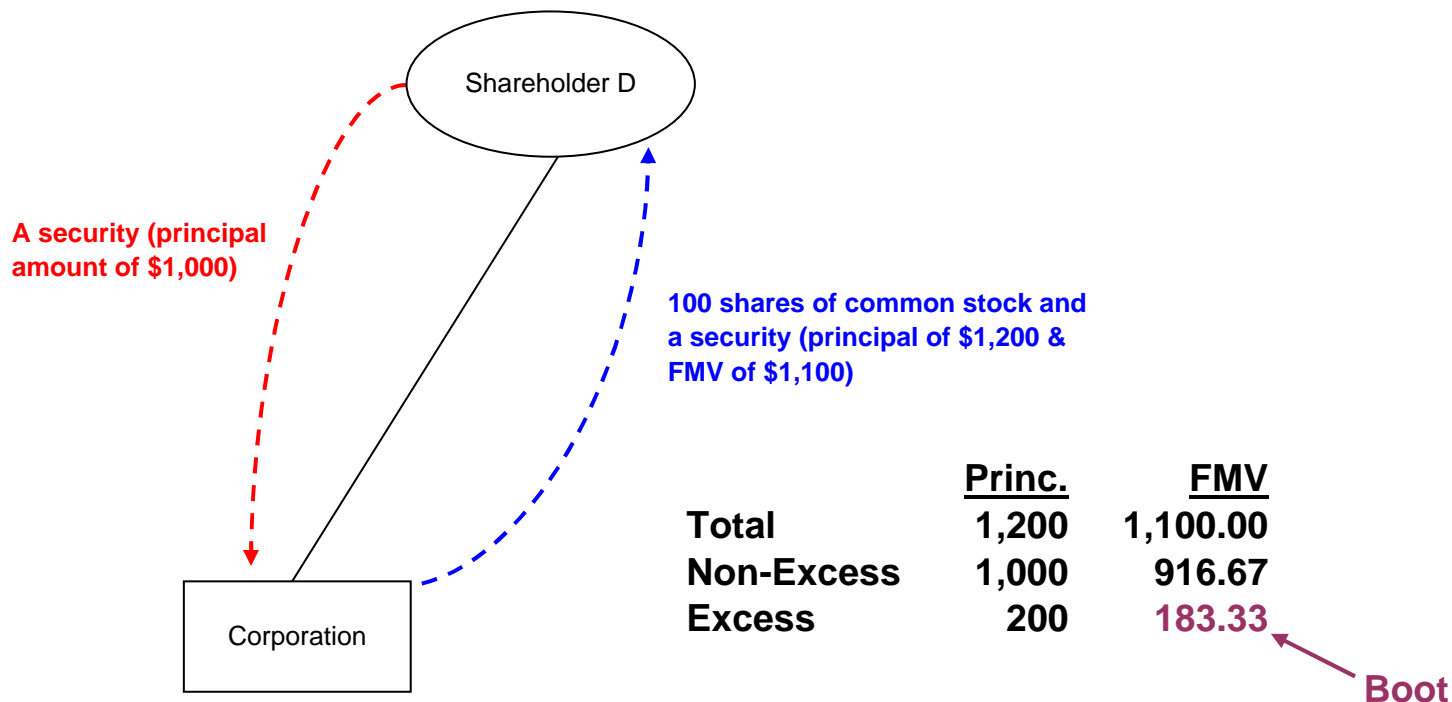


Reg. 1.356-3(c),  
Example 4

**Excess Principal Treated as  
"Other Property" (i.e., Boot)**

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D, an individual, exchanged a security in the principal amount of \$1,000 for 100 shares of common stock and a security in the principal amount of \$1,200 with a fair market value of \$1,100. The fair market value of the excess principal amount, or \$183.33 is treated as "other property."

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