



The Voice of the 1031 Industry

The Voice

Monthly Newsletter

[My Profile](#) | [Events](#) | [Advocacy](#) | [CES® 1031](#)



A Message From Our President

**Amanda Schmunk,
Homestead Escrow and Exchange Company**

What a wonderful 2024 Midyear Conference! I want to first thank all of you that were able to join me in DC, the staff of Williams and Jensen for pulling all of our meetings together, and Kerigan and Kimberly for helping with the Conference Planning Committee in putting the whole thing together! This conference was phenomenal. We had a larger turnout than last year, and we were able to have 85 meetings with members of congress or their staff. We had 26 states represented – what an amazing showing of the importance of the 1031 industry across the country!

The conference also included some continuing education and networking opportunities. I personally was able to get some great time with people I know in the industry, as well as get to know some new people that I had never met before. The education was great, as always, and I would love to also throw a thank you out to our speakers: David Medinets, Mark Wilensky, Matthew Rappaport, Matthew Meltzer, Anika Pompey, David Fransiak, and a special presentation by Payson Peabody from Rep. Jason Smith's office. Rep. Jason Smith (R-MO), who is chairman of the House Ways and Means Committee, was also able to join us this year for our networking reception. FEA members were able to listen to his point of view, as well as introduce ourselves and ask some questions.

This conference is so vital to the strength and continuation of our industry! Our government affairs committee works hard all year long to set up the Zoom meetings and keep up to date with all activities in Washington DC. However, when FEA members show up and meet with so many offices in person, it really shows our strength in numbers and nationwide representation. 2025 will be a huge year in DC

with the rewriting of the tax code, and we will need to be as strong as ever to keep 1031s exactly how they are now!

I will admit, getting to see everyone again got me even more excited for our annual conference in Austin, TX this September, and I know that the conference planning committee has some amazing things planned! I look forward to hopefully seeing you all there and hope the spring rain brings in wonderful weather for May for all of us across the country!

GAC Update: 2024 Midyear Meeting Recap

The 2024 FEA Midyear Meeting was a success! Sixty-seven FEA members attended the meeting in Washington, DC on April 16 and 17. The Fly-In attendees heard from the Chairman of the Ways and Means Committee, Jason Smith (R-MO) and Payson Peabody, the Ways and Means Tax Counsel.

On April 17, 64 attendees made Hill visits to key members of Congress and staff. The 15 groups of FEA members had a total of 85 meetings, 57 of which were meetings with Senate Finance and House Ways and Means offices and House and Senate leadership offices. The feedback we received from these key meetings will help FEA hone our messaging to the Hill on the importance of retaining Section 1031. The feedback helps us gauge and expand the strength of our support on the Hill, which is significant, and with your continued efforts, growing in intensity.

FEA worked closely with the Real Estate Roundtable on a timely [1031 Coalition letter](#) signed by 36 real estate, agriculture, and nature conservancy associations. The letter was released right before the FEA fly-in. This high-impact letter was well received by the tax writing committee staffs and Members.

[Read the 1031 Coalition Letter](#)



Pictured left to right: FEA members Bill Exeter, Tracy Treger, Ron Raitz and Steve Chacon.



45-Day and 180-Day Postponements for Disaster Areas in Maine and Rhode Island

The IRS has issued postponements of the 45-day and 180-day deadlines as follows:

Maine Postponement for disaster that began on January 9, 2024 (ME-2024-05 2/4/2024)

Covered Disaster Area: Cumberland, Hancock, Knox, Lincoln, Sagadahoc, Waldo, Washington, and York counties.

- **General postponement date is July 15, 2024.**

- **Covered Disaster Area:** Kent, Providence and Washington counties.
- **General postponement date is July 15, 2024.**

The **Covered Disaster Area** is the counties or parishes listed above. *Please check the IRS disaster website periodically at the address listed below for updates because the FEA does not send out notices for each disaster or for counties added to ongoing disaster extensions.*

An **“Affected Taxpayer”** includes individuals who live, and businesses whose principal place of business is located in, the Covered Disaster Area. Affected Taxpayers are entitled to relief regardless of where the relinquished property or replacement property is located. Affected Taxpayers may choose either the General Postponement relief under Section 6 OR the Alternative relief under Section 17 of Rev. Proc. 2018-58. Taxpayers who do not meet the definition of Affected Taxpayers do not qualify for Section 6 General Postponement relief.



Option One

General Postponement under Section 6 of Rev. Proc. 2018-58 (Affected Taxpayers only).

Any 45-day deadline or 180-day deadline (for either a forward or reverse exchange) that falls on or after the Disaster Date above is postponed to the General Postponement Date.

The General Postponement applies regardless of the date the Relinquished Property was transferred (or the parked property acquired by the EAT) and is available to Affected Taxpayers regardless of whether their exchange began before or after the Disaster Date.



Option Two

Section 17 Alternative (Available to (1) Affected Taxpayers and (2) other taxpayers who have difficulty meeting the exchange deadlines. See Rev. Proc. 2018-58, Section 17 for conditions constituting “difficulty”).

Option Two is only available if the relinquished property was transferred (or the parked property was acquired by the EAT) on or before the Disaster Date. Any 45-day or 180-day deadline that falls on or after the Disaster Date is extended to THE LONGER OF: (1) 120 days from such deadline; OR (2) the General Postponement Date.

Please see Revenue Procedure 2018-58, Section 17, and the Notices shown on <https://www.irs.gov/newsroom/tax-relief-in-disaster-situations>.

Distribution to Trust Beneficiary Prior to Exchange

Submitted by Mary Foster, Esq., CES®

Taxpayer is one of the beneficiaries of a testamentary trust that holds real property. The Decedent's Will provided that the Trust would cease upon the death of the last surviving child of Decedent's daughters who was living upon the death of Decedent ("Terminating Event"). The Trustees had begun negotiations with a potential buyer for disposition of the real property with the intention of exchanging into other real properties to diversify the Trust assets. A Terminating Event occurred during the negotiations with the buyer and the Trust must be terminated. The Trustees entered into a Sales Contract with the buyer after the Terminating Event but prior to the terminating distribution of the Trust's assets.

The Trustees will request the Probate Court to approve the disposition of real property as part of the overall approval of the termination plan. The Trustees also will agree to accommodate any beneficiaries interested in completing exchanges as follows: each beneficiary that wants to exchange will form a sole member LLC that is disregarded for federal income tax purposes to the beneficiary and the Trustees will be the initial managers of the LLC. The Trustees will then make distributions of the appropriate undivided TIC interests in the property, subject to the Sales Contract, to each exchanging beneficiary's LLC. Shortly after the distributions, the Trustees, as managers of the LLC, will cause the disposition of the TIC Interests to the buyer. Each exchanging beneficiary, through that beneficiary's LLC, will engage in a separate exchange transaction.

The IRS examined the "holding requirement" of Section 1031 in this PLR. This requirement is also often referred to as the "qualified use" or "purpose" requirement. It requires both the relinquished and replacement property to be held for productive use in a trade or business for investment. The PLR first cited Rev. Rul. 75-292 and Rev. Rul. 77-337. Those revenue rulings respectively state that the holding requirement of Section 1031 was violated and the exchange was invalid when taxpayer, in a prearranged transaction: (1) transferred replacement property immediately following the exchange to a newly created corporation in exchange for stock in the same corporation in a nonrecognition transaction under §351; or (2) received the relinquished property in liquidation of all the stock of a corporation and then transferred the relinquished property to a third party in an exchange.

The IRS then noted that the Trust was a testamentary trust and the Terminating Event was fixed by the Decedent and could not be modified or changed. The Trust's distribution of a TIC Interest to the taxpayer's LLC, pursuant to the Termination Plan, will be wholly independent of the taxpayer's proposed exchange. The IRS reasoned that this distinguished the taxpayer's proposed exchange from those in Rev. Rul. 75-292 and Rev. Rul. 77-337, which involved voluntary transfers of properties pursuant to prearranged plans. Accordingly, the distribution of the TIC Interest to the taxpayer, subject to the Sales Contract, as result of Trust's involuntary termination, will not preclude such TIC Interest from being held by the taxpayer for investment or for the productive use in a trade or business under Section 1031.

Call for Nominations: FEA Board of Directors

The Federation of Exchange Accommodators (FEA) is [now accepting applications](#) for the 2024-2025 Board of Directors.

Openings are available for three-year terms beginning in September 2024. The FEA currently has four openings* on the board. Please note that the affiliate seat is currently taken.

We are seeking regular (QI)-member board applicants who:

- Care about the future of §1031 and the Qualified Intermediary industry.
- Have creative ideas to help increase membership and involvement in the FEA.
- Want to contribute to the conversation in Washington and on the state level about tax and regulatory issues.
- Are willing to educate and inspire others in the industry through participation and presentation at the annual conference, regional meetings, and other FEA sponsored education events.

Before you apply, please read all of the criteria for board service outlined in the [Board Expectations document](#).

To apply, fill out the [2024 Call for Board Nominations application form](#). Please include a recent headshot photo and short bio in addition to the application questions.

All applications are due by close of business on Friday, May 31, 2024.

Contact Nominations Chair Jim Miller at james.miller@jpx1031.com with questions.

[Apply for the FEA Board of Directors](#)

**In 2023, FEA members amended the association's bylaws to create a new individual membership class. The amended bylaws also state that one member of the board of directors shall now be elected by individual members.*

This year, a nominee for one of the four open board seats will be voted on by FEA's individual members, and that seat will become the individual member representative. The individual member representative will serve in the same capacity as the other regular member directors.

More information about how to become an individual member of the FEA and vote for the individual member representative will be released in the coming months.



Upcoming Webinar: Corporate Transparency Act/FinCEN Beneficial Ownership Reports

Wednesday, May 8 at 12:00 pm EST
Presented by: Todd Keator, Holland & Knight

Christopher Cunningham, Partner, Elliott, Thomason & Gibson, LLP
More details and registration information will be available soon.

Upcoming Webinar: Nuts and Bolts of Business Entities

Wednesday, May 15 at 12:00 pm EST
Presented by: Todd Keator, Holland & Knight

David Medinets, Esq., CES®, Chief Counsel, Madison Exchange, LLC
More details and registration information will be available soon.



FEA 1031 PAC

The FEA 1031 PAC contributes to members of Congress of both political parties and is funded by eligible individual employees.

To become an eligible employee, individuals must be employed by FEA member companies that have filed a Permission to Solicit form. A Permission to Solicit form is required by the Federal Election Commission before FEA can solicit eligible employees of member companies. Member companies are only permitted to grant one trade association permission to solicit their employees per calendar year.

For more information, please contact Kimberly Steenhoek at director@1031.org.

Affiliate Member Spotlight



ExchangeRight Real Estate, LLC
1055 East Colorado Blvd. #310, Pasadena, CA 91106
(855) 317-4448 | www.exchangeright.com
Contact: David Fisher at david@exchangeright.com

ExchangeRight Real Estate is a full-service real estate company specializing in investment-grade, net-leased real estate structured as DSTs (Delaware Statutory Trusts). We manage over \$900M in

assets comprised of 265+ single-tenant retail and healthcare properties and 52 apartment communities consisting of 6,500 units across 28 states.

Our investment strategy is designed around the goal of protecting and preserving investor capital by building portfolios of necessity-based, net-leased properties backed by strong, credit tenants as well as Class B apartments with stable income and value-added upside potential. We look to aggregate 10-20 properties per portfolio in order to provide diversification and reduce risk, while purchasing in strong population areas with low crime rates and high traffic counts.

Through long-term leases and 10-year fixed financing we seek to provide durable income for our investors. We seek to provide investors with safety, security, and peace of mind in their exchange.



Inland Real Estate Investment Corporation
2901 Butterfield Road, Oak Brook, IL 60523
(888) 671-1031 | inland-investments.com
Contact: Dan Wagner at wagner@inlandgroup.com

Inland Private Capital Corporation (IPC) is recognized as the industry leader in securitized 1031 exchange transactions. A subsidiary of Inland Real Estate Investment Corporation (Inland Investments) and a part of The Inland Real Estate Group of Companies, Inc. (Inland), IPC offers a variety of private placement real estate investment solutions to accredited investors as an alternative to traditional stocks and bonds. Many of its offerings are designed to qualify as replacement property for an IRS Section 1031 exchange through multiple-owner investment structure.

Inland has been delivering value to investors for 50 years. Established in 1968 by four Chicago Public School teachers, Inland is involved in every aspect of commercial real estate. Inland's four founding principals— Dan Goodwin, Bob Baum, Joe Cosenza and Bob Parks – began investing in real estate part-time to earn extra cash while working full-time as school teachers. In the early 1970's, the group started full-time careers in real estate. Their first investors were other teachers, family members and friends. This personal connection and responsibility to investors created a culture of putting investors first, which still endures today. Inland's early investments consisted of limited partnerships including private, single asset and tax-sheltered partnerships.

Partnering with broker dealers to raise capital, Inland offered its first public investment in 1985, which eventually consisted of mortgage, monthly income, growth and land funds. Surpassing 58,000 total investors, Inland realized the need for a separate organization to meet the growing demand for 1031 exchange transactions and created IPC, formerly Inland Real Estate Exchange Corporation, in 2001.

Message from Executive Director Kimberly Steenhoek



Thank you to members of FEA's Membership Committee who have been following up on 2024 dues renewals for regular and affiliate member companies.

Now, our attention turns to cultivating FEA's individual membership. The individual membership is a new membership class for 2024. It is a completely free membership that is open to all employees of FEA member companies, both regular (QI) and affiliate, in good standing.

In 2023, FEA changed its bylaws to create an individual membership, which allows individual members to vote for one seat on the board of directors. Individual members will also receive all information about FEA's government affairs efforts, including FEA 1031 PAC and fundraiser information, and individual members will be recognized at the 2024 annual meeting in Austin, TX.

Look for more information about individual memberships to be released soon. In the meantime, if you have any questions, please feel free to contact me at director@1031.org.

Federation of Exchange Accommodators
www.1031.org

