
May 31, 2013

The Honorable
Senator Max Baucus
Chairman
Senate Finance Committee
511 Hart Senate Office Building
Washington, DC 20510

The Honorable
Representative Dave Camp
Chairman
House Ways & Means Committee
341 Cannon House Office Building
Washington, DC 20515

Re: IRC Section 1031 Tax-Deferred Exchanges

Gentlemen:

As someone involved in real estate, I am writing to share with you the importance of IRC Section 1031 exchanges in my business. Exchanges make transactions happen. Without the ability to defer the gain, investors and business owners would simply not sell as many properties. They would hold on to properties that are no longer efficient for their business or no longer satisfy their investment objectives. A 1031 exchange allows business owners to relocate to a better location or more efficient facility and improves their ability to grow revenue and expand their workforce. Even though these owners forego depreciation on the replacement property, they are able to use this strategy to build their business. This is especially helpful for small and medium sized businesses and is often the only path to expansion.

For individual real estate investors, 1031 exchanges allow the ability to trade up over the years. When the investor no longer wants to own real estate, they can cash out and supplement their retirement savings with the after-tax proceeds.

Without 1031 exchanges, we will see a slowdown in residential and commercial real estate transactions that will have a ripple effect on related industries and the economy as a whole.

Additionally, the role of the Qualified Intermediary ("QI") is essential to the transaction. We rely on the QI's expertise to ensure all parties know and adhere to the regulations. For a nominal fee, the QI keeps everyone aware of the requirements and allows us to focus on doing what we need to do to make the transaction happen.

Section 1031 tax-deferred exchanges provide a vital stimulant to our economy, fueling transactions that create jobs and stimulate transactions. Section 1031 provides significant benefits to investors and business owners of all sizes with a "trickle down, spillover" economic stimulus effect on a myriad of industries and small businesses across the country.

Very truly yours,
