



## Breaking News in the Real Estate Industry

September 2008

### The Fear Factor: What if Capital Gains Taxes Increased to 50%?

Grisenia Matos  
President

It seems that the credit crunch has been blamed for just about every change in current real estate trends. But, a newer emerging trend (or fear factor) is now impacting

the initiation and completion of Section 1031 Exchanges, and the purchase of tenant-in-common (TIC) investments. The probability that the capital gains tax rate may be increased to 35 or even as high as 50 percent due to the outcome of the upcoming presidential elections is motivating taxpayers to dole out the checkbook and pay tax liabilities of \$100K, \$500k and even higher than \$1M!

Section 1031 of the Internal Revenue Code permits deferral of the capital gains taxes associated with the sale of appreciated real estate, provided the Exchanger (the taxpayer initiating the Section 1031 Exchange) exchanges for like-kind property. TIC investments became an acceptable form of like-kind property in completing Section 1031 Exchanges with the release of Revenue Procedure 2002-22 (The Procedure). The Procedure outlined 15 criteria in which an undivided fractionalized interest in real estate would not be considered a partnership, and, hence, could qualify as real estate and a replacement property option when completing Section 1031 Exchanges.

[Click](#) here to read more . . .

Source: Grisenia Matos, *Office and Commercial*, August 2008, page 28.

## 9-Hour Commercial MCE Class

### 1031 Exchange and Tenant-in-Commons—A Financial Perspective (WECM RELE1091)

#### TREC Course # 09-00-040-6678

The course provides an edge to the real estate practitioner who is interested in increasing their commercial real estate business. Topic covered include:

- ⇒ 1031 Regulatory, Statutory and Legal Authority
- ⇒ Types of Exchanges, Timelines, Identification Rules
- ⇒ Vesting Issues and Related Party Rules
- ⇒ Financial Considerations: Tax, Boot and Yield Models
- ⇒ Role of and Choosing a Qualified Intermediary
- ⇒ TIC Regulatory Statutory and Legal Authority
- ⇒ TIC Structure, Benefits and Risks
- ⇒ TIC Pro-Forma Review, Financial Engineering, Fees
- ⇒ TIC: Current Trends, Real Estate versus Securities Debate
- ⇒ NAR Exemption—Pending Realtor Compensation on TIC transactions

Hours: 9      Fee: \$89

#### Class offered through Collin County Community College

Class Registration Number: 72012

**Date:** 9/29/2008

**Time:** 8:00 am to 6:00 pm

**Location:** 9700 Wade Blvd, #H207, Frisco, TX 75035

To register contact Collin County Community College at: 972-985-3758.

From the desk of:

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