



March 25, 2020
The Honorable Steven T. Mnuchin
Secretary of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220

Dear Secretary Mnuchin:

Realized would like to take this opportunity to thank the Administration, Treasury Department, as well as all those in our national, state, and local governments for working to protect Americans and their businesses during the COVID-19 crisis. We applaud all the tireless work.

We are reaching out to request the Treasury Department and Internal Revenue Service delay deadlines for like-kind (IRC §1031) exchanges. We are requesting that deadlines to identify replacement properties and complete like-kind exchanges be extended for 120 days or to the last day of the general disaster extension period. This request follows historical natural disaster precedent and is similar to the relief described from section 17 of Rev. Proc. 2018-58 and authorized under Internal Revenue Code 7508A.

Like-kind exchanges support the real estate sector by encouraging owners to stay invested in real estate while allowing for a rebalancing of assets. As long as funds are reinvested in another comparable property, capital gains are deferred until the taxpayer sells the asset.

Both the contagious nature and shelter-in-place restrictions of the COVID-19 crisis are threatening the ability of real estate investors to complete like-kind exchanges. In normal like-kind exchanges, taxpayers sell a property and park the funds with a Qualified Intermediary. They then have 45 days to identify a replacement property and 180 days to complete the transaction. If the taxpayer is unable to meet these deadlines, they must recognize capital gains on the sale.

In a large percentage of like-kind exchanges, buyers need to travel and establish funding. Additionally, the closing process involves extensive due diligence by the buyer, lender, third-party contractors, title/escrow companies, and recording offices. Every step in this process is now impossible due to the current external environment.

We are worried taxpayers who started or are considering an exchange may be unable to complete it. Many of these taxpayers are middle-class investors, small business owners, and hard-working Americans, for whom paying additional capital gains might rob future real-estate liquidity or further hamper an already strained cash flow position. Therefore, we request extensions on identifying replacement

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properties and completing like-kind exchanges similar to the relief described in section 17 of Rev. Proc. 2018-58 and authorized under Internal Revenue Code 7508A.

We thank you for considering our views and again appreciate all you are doing to assist American families and businesses to respond to the COVID-19 crisis. Please do not hesitate to contact David Dahill, Realized Holding's Chief Financial Officer and Co-Founder, at 512-827-3651 should any questions arise.

Sincerely,

Realized

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cc:

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