



CALIFORNIA ASSOCIATION OF REALTORS®

March 27, 2020

The Honorable David J. Kautter
Assistant Secretary for Tax Policy
Department of the Treasury
1500 Pennsylvania Ave, NW
Washington, DC 20220

2020 OFFICERS

JEANNE RADSICK
President

DAVE WALSH
President-Elect

JENNIFER BRANCHINI
Treasurer

JOEL SINGER
Chief Executive Officer/
State Secretary

The Honorable Michael J. Desmond
Chief Counsel
Internal Revenue Service
1111 Constitution Ave, NW
Washington, DC 20224

Dear Assistant Secretary Kautter and Chief Counsel Desmond

On behalf of the more than 200,000 members of the California Association of REALTORS (C.A.R.) I am writing to request the Treasury Department and the Internal Revenue Service (IRS) immediately suspend the deadlines required for 1031 like-kind exchange transactions. Over the last two-weeks C.A.R. has heard from REALTORS® who have investor clients or themselves had begun a 1031 like-kind exchange prior to the pandemic crisis and who are now confronted with the possibility that they will be forced to pay unexpected and significant capital gains. This is due to the decline of a functioning real estate market from the pandemic crisis and no fault of their own.

Investors who had begun the process of a 1031 exchange prior to the crisis now find themselves in a real estate market shut down by the California Governor's shelter-in-place order. There has been a severe contraction in the availability of investment properties due to the crisis as sellers pull properties from the market due to the uncertainty created by this crisis and often the constraints put on sellers by the shelter-in-place order.

Furthermore, the shelter-in-place order is in much of the state being interpreted in a very strict manner making it impossible for real estate agents to show properties to investors or for the investor who is ready to purchase, to obtain the necessary appraisals or inspections necessary to allow a property to be closed. This makes it



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impossible for investors to complete the 45-day deadline to identify the property to be purchased and/or the 180-day deadline to close on the property being purchased. The failure of the investor to meet these deadlines is not due to any failure of the investor but due to the consequences of this unprecedented pandemic crisis. Additionally, many of these investors are small mom-and-pop investors who can ill afford to pay the unexpected capital gains created additional hardships in a very difficult time.

As the nation faces this unprecedented crisis the Treasury and the IRS should provide immediate relief to the real estate investors by suspending the 1031 like-kind exchange deadlines until the crisis subsides and the market begins to return to normal. This will also help stabilize the market and encourage the recovery of the real estate once the crisis subsides.

C.A.R. thanks you for your consideration of our request.

Sincerely,

A handwritten signature in cursive script that reads "Jeanne Radsick".

Jeanne Radsick

2020 President, California Association of REALTORS®