



*The Voice of the 1031 Industry*

CAUTION: CHOPPY WATERS AHEAD

(BUT SMOOTHER SEAS IN THE DISTANCE...)

When sailing on the open sea, a sailor might see a dark squall on the horizon and know that it's time to batten down the hatches as rough weather is blowing in quickly. Generally, a sailor can don their foul weather gear ("foulies" for you sailors) and prepare in advance for the coming storm. We didn't have that luxury and many in the FEA are scrambling to keep up with a challenging situation that seems to get worse every few hours and with new developments that no one could have foreseen just weeks ago.

For the FEA and 1031 exchange industry, we didn't have a lot of time to prepare and we have all spent the past few days adapting to a rapidly evolving situation. We are facing challenges stemming from the coronavirus (COVID-19) that has sent shock waves into every aspect of our lives. Professionally, we are scrambling to ensure we can run our businesses by implementing business continuity plans with many working remotely and/or planning to work at home. We are dealing with a large source of our revenue greatly diminished as the Fed cuts interest rates (and likely plans even more interest rate reductions.) We are also simultaneously dealing with caring for family and friends. We are all facing a series of challenging situations both professionally and personally and these challenges hitting at the same time can feel overwhelming.

Now, to the FEA Mid-Year Conference. After consulting with the FEA Government Affairs Committee Co-Chairs and David Franasiak at Williams and Jensen, the FEA Board of Directors made the decision on Wednesday, March 11, 2020 to postpone the Midyear Conference. We are working with the venue on the new dates. There are a number of reasons for this and the first being the most obvious -- that the immediate future is not a good time to travel and the safety of everyone is paramount.

I don't have a crystal ball, and no one really knows for sure how bad this will get or how long the present disruptions will continue. From what I have seen in China and South Korea, it appears the coronavirus spreads quickly for a couple of months and, at least in these two countries, the spread of the virus has begun to abate and decline. I'm hopeful that although we face a couple of very challenging and disruptive months, that ultimately, we will see a similar pattern of the spread of the virus declining in the US.

The GAC Co-Chairs, FEA Board of Directors and David Franasiak feel it is important to meet with members in the summer and before the November election. There is a chance there could be a shift in power and Joe Biden has put forth a tax proposals that include eliminating 1031 exchanges (along with tax increases and other provisions not favorable to the real estate industry) and we believe it is vitally important to educate members on benefits of 1031 exchanges. We anticipate and are hopeful that much of today's turmoil and uncertainty will have settled and business will be returning to normal by mid-Summer.

I will be booking my airfare to the rescheduled Mid-Year Conference once the reschedule dates are established. Please join your FEA peers at this Conference and take time to educate congressional members about the benefits to the economy provided by Section 1031 and importance of the role of an FEA QI.

In challenging times and stormy seas, it is often the anticipation of calm and quiet waters on the other side of the storm that provides hope during the storm's fury. As FEA QIs and Affiliates we know the importance of being strong, resourceful and resilient. I look forward to seeing many of you at the reschedule Midyear FEA Conference!

Scott Saunders

FEA President