



The Voice of the 1031 Industry

25 YEARS AND COUNTING

"While staying true to our core mission, the FEA has evolved far beyond our original founders' vision that was formulated twenty-five years ago. The FEA's past and present will greatly influence our future."



Ask about the 1980's and it might invoke a discussion about recession, the Cold War, the "Great Communicator," or perhaps memories of the television series "Thirty Something" or Michael Jackson on MTV. But for a small group of financial advisors and CPA's in Southern California, the 1980's marks the beginning of collaboration among like-minded professionals formed in response to the growing number of 1031 exchanges.

It was the Escrow Institute of California that created a committee to respond to US Treasury regulations in discussion at the nation's capitol. Tim Egan was among those who organized a working committee whose members were attorneys, accountants and also some invited non-members. The members spent time talking about how to do exchanges. According to Egan, it soon became clear there was no common method. And by forming a committee and holding discussions on exchanges, this allowed for cross sharing and an interesting dynamic arose.

Property exchanges were nothing new, as the tax-deferred like-kind exchange was added to the Federal Tax Code in Section 202(c) in 1921. But it was the Amendment to the Code 60 years ago which brought about a more current definition and description of a tax-deferred like-kind exchange, although at that time exchanges were still simultaneous. And from 1967 to 1979 with the Starker family case, the IRS and courts deliberated the definition of exchange, which ultimately resulted in the 1984 amended IRS Code that allowed delayed exchanges and identified the maximum time of delay.

By this point in the 1980's the Sun Belt sections of the country were experiencing growth and prosperity. Property investment in California was attractive, and so was the lure of deferred taxes. Exchanges were more common. And as more professionals offered their services with exchanges, the need for clarification and regulations became clear.

Egan and the committee formed by the Escrow Institute of California recognized a greater need and on August 17, 1989 the Federation of Exchange Accommodators was officially formed.

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