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## **Financial Reform Act... A good first step**

August 05, 2010 - Front Section

President Obama recently signed the Dodd-Frank Wall Street Reform and Consumer Protection Act creating a Bureau of Consumer Financial Protection (BCFP). This new law requires the Bureau Director to conduct a study and propose legislation or regulations to protect consumers using exchange facilitators, also called Qualified Intermediaries (QI) and Exchange Accommodation Titleholders, who facilitate tax-deferred exchange transactions under Internal Revenue Code §1031.

This is an important first step toward the goal of federal regulation of QIs, but it is not a complete solution. The BCFP covers only "consumers," defined as individuals using the services of exchange facilitators for "personal, family or household purposes." This definition excludes many exchange transactions, and may be inconsistent with the IRC §1031 requirement of a business or investment use purpose.

Investment Property Exchange Services, Inc. (IPX1031) is proud to have a leadership role in the Federation of Exchange Accommodators, (FEA), the industry association representing QIs. Our general counsel, Suzanne Goldstein Baker, FEA board member and chair of its Federal Legislative Committee, has been involved with legislative activities to regulate QIs. During the legislative process, IPX1031 and the FEA communicated to legislators their support for the bill, along with technical concerns that many transactions will not fit the definitional scope of this new law. Working through the FEA, we will encourage the bureau director to develop regulations to ensure that all taxpayers, regardless of whether they are individuals or business entities, will benefit from the same mandatory safeguards that protect consumers.

IPX1031 is pleased to be a resource to our customers, providing current information regarding §1031 exchanges, and the highest quality of tax-deferred exchange services.

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