

ASHLEY:

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This one's got 1031, you defer taxes and this one you eliminate them.

CORWYN:

Good morning. Good morning. Great morning, guys. Welcome to another fabulous episode of [Exit Strategies Radio Show](#).

Hey, I am your host, Corwyn J. Melette, broker and owner of [Exit Realty Low Country Group](#) in beautiful North Charleston, South Carolina. Hey, if this is your first time listening to the show, sir, ma'am, you are in for a treat. Our mission, our mission, not to boldly go, I ain't going to take y'all Star Trek, all right, but our mission is very simple. That is to empower our community through financial literacy and real estate education, guys, with legacy building.

Guys, we're off to an amazing start, wonderful new year and guys, look, there's so much more that we could be doing and today we're going to have an amazing conversation to give you some exposure on yet the next level, guys. We've been taking you step by step, level by level. We've been climbing this ladder for a number of years and I appreciate you all being on this amazing journey with us. It humbles me each and every time. Shout out, obviously, those who listen to us faithfully.

Pastor Vanderbilt Evans Sr., that dude will jack me up if I don't put that senior on his name. Elder Evans, my mama out there in Monkey's Corner, she done retired again, y'all. See, y'all pray for me as y'all pray for her. And people out there in Hollywood, what you know no good.

And my folks in Marin and Mullins, guys, thank y'all so much. My guy E. Troy there, head coach, basketball team Mullins. Look here, my guy, I love you, I love you, I love you. I cannot say that enough.

Look, today we're again going next level. Now, we ain't going into the stratosphere. We going approachable, look here, but we going to get among the stars. That's where we're going today. We're having a conversation with none other.

Look here, they call this guy, right? I just want to let you know. They call this guy the O.Z. Sherpa. I refer to myself sometimes as affordable housing, a real estate Sherpa.

This guy's the O.Z. Sherpa. And we're going to be talking about opportunity zones. He is the co-founder of O.

Z. Pros, nationally recognized in this particular space of opportunity zones, which we'll be talking about today. Personally has got it over a billion plus dollars in deferred capital gains by using these strategies that we're going to be talking about today. Advised over 2,000 investors in this space. I am super excited and stoked because we understand this particular thing.

So look, I ain't going to waste no more time. I'm going to introduce him. Look here, y'all give him, not the slow clap today, we're going to clap fast. Let's give him the fast clap. Mr.

Ashley Tison.

ASHLEY:

Ashley, how are you doing today? Fantastic, Corwyn. It's an honor and a privilege to be here. Looking forward to taking your listeners up to next level stuff and introducing them to what I think is the greatest tax incentive ever legislatively created. But that mom and pop investors, normal, everyday mainstream investors can take advantage of.

So we're going to get into some upper level stuff. We're going to try to keep it as understandable and as simple as possible, because that's one of our missions is keep it super simple. Awesome.

CORWYN:

So Ashley, look, high level overview, who you are, what you do.

ASHLEY:

Yeah.

So I like to call myself a reformed attorney. I still am practicing law, but I also wanted to get in the game. And I started out at the big firm after it had sufficiently **** my soul. I left and went in house with a commercial real estate developer and tenant in common syndicator. We syndicated a bunch of different commercial real estate deals.

We would buy shopping centers by the gallon and sell them by the scoop to 1031 investors. And we distributed that product through a network of RIAs and broker dealers through Wall Street. And so it was a very sophisticated real estate endeavor. And I really enjoyed that. And then we built a bunch of stuff as well that we could then put through that platform.

When the commercial real estate market collapsed in 2008, I went back to practicing law. And I tried to bring that same Wall Street level sophistication down to Main Street America in the form of helping business owners sell their businesses for top dollar and do so on a streamlined basis. We put together a software package to do that, created a company called thirdpartycouncil.com and help business owners sell their companies for just an easier transactional process. Along the way, I saw how much money they were leaving on the table.

So I said, man, I got to help these folks get better tax strategies together and then get better just business practices together. And so I sold that law firm so that I could do that. And as I was doing that, I was in a CLE. I heard this guy talking about the Tax Cut and Jobs Act. And he said, in three pages, they created these things called Opportunity Zones.

And I ran him down after the thing. And I said, hey, listen. I was like, what you were describing sounded like 1031 and private equity got married. And he's like, I had a beautiful baby named Opportunity Zones. So I said, I'm in.

And we popped up a website, 150 inbound leads and \$75 million in two weeks of capital looking for deals. And I was like, all right, we found something here. And literally, I've done nothing but Opportunity Zones ever since. That was May of 2018. And along the way, and once again, I had the blessing of being in the right place at the right time, but also listening when God puts something in your lap.

And I was like, okay, I hear you. Let's give it a test. And I got the blessing that came out of that. And we rode the wave of Opportunity Zones and the huge amount of interest in them. And we've done that and parlayed that into.

.. We took that software package and we turned that into a mode and a method for where we can take this really powerful tax incentive and put it into the hands of main street level investors so that that way they too can take advantage of this program. And since then we've helped mom and pop investors and we've helped super sophisticated investors really understand and implement this project because you can talk all you want, but it's all about doing and do is better than talk any day of the week. That's what we do.

We help people do Opportunity Zones.

CORWYN:

So let's take this back because at some point in time, I believe that we have... Audience guys, I don't remember, but I believe at some point in time we've kind of introduced this concept or spoken or mentioned it or what have you in passing.

Long short, Ashley, Opportunity Zones, what are they?

ASHLEY:

Yeah. So in that Tax Cut and Jobs Act, and I got to hand it to Tim Scott and they were able to get this passed in the last week of that reconciliation. And it's in three pages. And in those three pages, they got the attention of private capital, they got it off the sidelines and they made it patient, which are three things that no other program in history has done like Opportunity Zones have. And so it's fascinating.

So what they did is they said, hey, listen, if you've got capital gains, that's how they got the attention of private capital and got it out of traditional markets to go into areas that were

historically underinvested. And so if you have capital gains and you put it into a qualified opportunity fund, which can be an LLC tax as a partnership, it could be that simple. It doesn't have to be this big sophisticated public offering type fund. Then you get to defer those capital gains until December 31st, 2026. And then if you're in by certain dates, you got a decrease in your taxes.

But the real big benefit was that if you held your investment for 10 years, you got what's called a step up in basis to fair market value. Now, what you pay in tax is the difference between your basis and what you transact at fair market value. So that's really important because it takes your basis amount up to what you're transacting at, and it eliminates capital gains taxes, and it also eliminates depreciation recapture. So by doing so, they made it really simple for people to take advantage of this. And they've gotten \$150 billion worth of capital to invest into these zones that the governors got to designate.

So they got to designate up to 25% of their low-income census tracts as qualified opportunity zones. The initial round of zones got designated in 2018. Actually, it was in, yeah, I think it was in like mid 2018, right, by May. And then people ask me all the time, hey, how do I get a zone designated? And I was like, nope, they've already been done. Now, what ended up happening is that they had to put a timeout on the program in order to get it to be where they could quantify it for the reconciliation bill.

So they set that date to coincide with the expiration of the Tax Cut and Jobs Act, which was December 31st, 2026. As we were heading into that expiring, they said, hey, listen, we want to make sure that we keep some of these things permanent. And so in the reconciliation bill that happened back on July 4th, the one big beautiful bill, or OB3 as we call it, they said, we're going to make opportunity zones permanent, and we're going to give every governor the ability to redesignate zones every 10 years. And so now we're coming into 2026, and in July, governors will get to redesignate their zones. And now we're going to have OZ2.

0, which allows you to now get a five-year deferral on your taxes. And then you get a 10% reduction, or if you're in a rural opportunity zone fund, you get a 30% reduction in taxes when you go to pay those taxes. And then you still get that huge benefit of the step-up in basis to fair market value. So we've got this program that was really powerful. Now it's extra powerful, and it's really getting the attention of Main Street and mainstream investment advisors and other folks, because now it's here to stay.

Before it was like, oh man, that's a little bit too quick. I don't know that we're going to allocate resources into understanding that. This, folks, now is like 1031, but on steroids, because I think it smokes 1031 in the context of looking at the value of the two different programs. This one's got, right, 1031, you defer taxes. In this one, you eliminate them.

Speaker 3:

Guys, this conversation is getting good. Ashley Tison is breaking down how opportunity zones are helping everyday investors build wealth while transforming communities at the same time.

When we come back, we're going to talk about the real impact on neighborhoods, housing, and property values. You're listening to the [Exit Strategies Radio Show](#).

AD:

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CORWYN:

So, I'm going to bring out two things. So, for our listeners, guys, look, we got two conversations going here in understanding opportunity zones, okay? Number one, opportunity zones essentially are designated areas within an area, our state, other states, you know, around the U.S., that essentially have, because there's always this thought, Ashley, of, hey, I don't want it in my backyard.

I don't want this, right? But not targeting, but labeling areas that usually are blighted, have difficulty attracting capital, meaning investment, people investing, starting businesses, building businesses, or building residential housing, and all this stuff. Opportunity zones create those pockets that are desirable for folks that want to invest money, but help them to eliminate taxes, as Ashley said. So, you get growth and development in your area. A lot of areas in North Charleston, a lot of areas in other parts of the state that I serve, that we serve, have opportunity zones, and there's a tremendous amount of growth, investment, and development in those areas, and it's bringing up property values for everybody, all right? The other side of that is if you are an investor and you have money that you want to invest, investing in groups, with groups, or otherwise, in these zones, is attractive for you as well. So, we want to make sure we get that on the table, so you understand, and don't let this go past you, thinking there's no benefit in it for you, okay? Because it is.

So, Ashley, you may mention something very, very important that I'm, I've made note of, which is, we're coming up here quickly on a time period for these zones to be, they can be re-established, or assessed, or otherwise modified. How important is that?

ASHLEY:

Super important, because the 1.0 zones expire December 31st, 2028, and the program has accomplished its objective. So, the whole objective of the program is to get them out of low-income designation, and the original zones were designated based on the 2010 census, and so now, on the 2020 census, they're going to be re-designated, and a lot of the areas that were previously zones, right? So, like, case in point, that big zone that's in North Charleston,

more than likely, is probably not going to be eligible this time, because of how much investment it's gotten, and how much growth has happened there. And so, that is case in point of the program working.

There's other zones that have similarly grown. So, what that presents is an opportunity for somebody to be able to put money into a 2.0 fund, but still be able to invest into a 1.0 zone designation before December 31st, 2028. And so, those existing zones expire December 31st, 2028, but if you have a project that you get going prior to that expiration, then you're going to be able to continue to do that project.

Now, we're waiting on the transition rules. We're waiting on exactly what that grandfathering is going to look like. We got a pretty good feel for what's involved with that. And so, if you are in any way, shape, or form thinking about doing an opportunity zone deal, now is your chance to get into, number one, one of those 1.0 zones.

The other opportunity that it presents is that somebody, like a lot of people are like, well, man, I'm just going to wait till 27 to invest. And so, I'm going to take my capital gain, and I'm going to wait to execute it until I can put it in 2027. And they're leaving potentially money on the table because the 2026 window presents a unique opportunity to be able to pay less based upon what your investment is worth on paper. And so, that paper is that, so you either pay taxes on your original investment amount or the value of your investment at the time. And so, what that allows is a one-time unique opportunity is to be able to go into an investment, write it down on paper, and you're still in the same investment, pay less money in taxes that way, and then be able to ride the appreciation of your investment into that deal.

CORWYN:

So, let's talk real life, opportunity zones. How do you help housing, job creation, and local development? Let's get brass tacks. And then, what does that look like? What's the real impact, if you will? Give an example. What's the real impact?

ASHLEY:

So, my economics professor used a really great one. And so, he said, I was driving through town, this town, right? And it was kind of, I could tell it was a little depressed.

And I stopped at this hotel because I was tired. And I walked into the hotel, and it's kind of one of those hotels where it could be nice or it could be really dodgy. You don't know. And so, I went up to the innkeeper and I said, hey, listen, I just want to check out your room before I rent it. And the guy's like, no, man, I've had a problem with that in the past.

So, if you give me the room rate and you come back down here in 20 minutes, I'll give you the \$100 back. So, the guy gives him \$100 and he goes up to the room. Well, as soon as he gets the \$100, the innkeeper goes out and he runs next door to the baker. And he gives the baker \$100. He's like, hey, remember that cake that you baked for me last week? He's like, I owed you \$100 for that.

Here's \$100. The baker runs next door to the car repair store. And he's like, hey, man, thanks for fixing my car. And then the car repair guy goes to the shoe repair guy. Thanks for all those shoes.

And then the shoe repair guy goes back to the hotel and he's like, hey, man, thanks for letting my mother-in-law stay here last week. It was a huge thing for my family. Kept me from a divorce. Right at that time, the guy from the professors coming down the stairs, he's like, hey, man, no offense. He's like, but I think that I'm just going to push through and go home.

He's going to have my \$100 back. So, he gets his \$100 back. How much economic impact has happened in that community right there? How much money actually went in? \$0 because the professor's money came back out. But how much economic impact was \$400, right? Because that \$100 went around the table like that. That's what the Opportunity Zone program does.

It brings new capital into areas that otherwise wouldn't have it. And so, along the way, as you're building stuff, it creates jobs. As you are doing development work, it creates jobs. As you are getting it online, it creates jobs. And then as you have it online, it creates jobs in perpetuity.

It also rises the amount that people are willing to pay for land. But the biggest thing that it does, and this is the greatest thing that I saw Opportunity Zones do, is that it creates interest. It creates momentum. It creates people talking about it, enthusiasm. And that enthusiasm creates what drives Americans, which is the fear of missing out, right? And so, they are like, whoa, wow, I don't want to miss out on this thing going up in value.

And so, as that crack house gets flipped into something nice, then as the coffee place comes in across the street, people are like, oh man, I got to jump in on this train so that I don't miss out. I'm going to go buy that other house down there. I'm going to put in a brewery. And all of these things start to cycle and it starts to move that economic engine that then creates a massive economic impact, both on the people that are there and then also the people that are tangentially involved. So, there's been studies that have shown that people that are in the same economic stratosphere, but that are around people that are not, have a, I don't know what the percentage is, but it's a massive percentage difference of the likelihood of staying into poverty if they are around poverty on a consistent basis.

If there's good things happening, they tend to get picked up out of poverty. That's what opportunity zones are all about. And the statistics don't, they don't lie. The ball don't lie. When we were shooting for ball, like when I was playing basketball in college, the ball don't lie, right? The statistics don't lie here.

And they have moved the needle, both in median house prices, people coming out of poverty. So, housing starts that wouldn't have happened, but for this program. And so, it's actually working in these areas.

CORWYN:

So, kind of bring this around and cycle around from the other side. So, we see what the impact is, the people that live in those areas or already in those areas, whether they're invested or whatever it looks like.

But let's bring it on the other side. So, someone who is selling off, when you set it out like this, it's like having a race car that you always run 93 and all of a if you will, to 1031s. And we talk about 1031s here on the show.

ASHLEY:

I love 1031s, don't get me wrong, but these are, this is a completely different, it's very similar, but I think that the result, namely because you could go into operating businesses too. You don't just have to go into real estate.

CORWYN:

Okay. That's the prime example. So, what is a common mistake, if you will, that people make, they cash out on, let's say they cash out on a piece of real estate. They don't need the capital cash or anything per se, but they just take it. They don't 1031.

Let's talk this, what should they do?

ASHLEY:

So, the key is, is making sure that you keep track of that 180 day deadline. You got 180 days to get it into a fund. If you miss that 180 days, there's nothing I can do. Now, if you had it in a 1031, we help people with failed 1031s all the time because it's when it comes out of the QI, the Qualified Intermediary, that's when your 180 days starts. And so, we're able to fix a lot of failed 1031s because, hey, it starts your 180 clock when it comes out.

The other piece is that you could have any capital gain, whether it's a sale of a business, sale of stock, sale of anything. And so, if you're looking down the barrel at a gnarly tax bill because you sold something, then you need to be looking at how you can get your money into a Qualified Opportunity Fund.

CORWYN:

That's huge. Okay. All right.

So, you guys advise, this is your animal, this is your arena. So, as a matter of fact, let me make sure I get this out now. Perfect time, Ashley, contact information. Where can people connect with you, connect with your team?

ASHLEY:

Yeah. So, if this resonates with anybody, we have created an Opportunity Zone starter kit for folks so they can evaluate, right, Opportunity Zones, they can get to know it.

If they go to ozpros.com/podcast, and there's actually a special link for your listeners in the show notes here that we've provided, but just go to ozpros.com/podcast, and you can get access to a free masterclass. I've got a mastermind that we meet weekly, and we go over rapid fire kind of specific Opportunity Zone issues. I'd love to give your listeners a free month of that, a month of that on me.

And then we've also got strategy calls, we've got other types of videos, we've got all kinds of information out there for anybody that wants to advance the ball and Opportunity Zones. And I would say that if you want to get a PhD, the fastest way to do that is to join our mastermind. And we'd love to have your listeners come in as a guest to me for free for a month.

CORWYN:

That is awesome, man. First of all, Ashley, thank you so much for doing that for our listeners.

Look, y'all heard it. Y'all got it. Y'all better do something with it. Let's do that. Look, this is an amazing strategy.

Been again around this for a number of years. So no, Ashley's like, we kind of get to, if you will, a wrap for today. Let's talk about how people can leverage this and essentially build legacy from it. What I mean by that, we're very big on that on the show. We follow the word, word tells us inheritance for Jojo, so forth and so on.

Very big in that. So along that vein, applying and teaching this strategy to your family, what does that do for generational wealth?

ASHLEY:

The great part about Opportunity Zones, and a lot of people come to me and they're like, hey man, I'm 75 years old. I don't want to have to hold something for 10 years. And I'm like, listen, you shouldn't be looking at how long you have to hold it. You should be looking at how long you get to hold it.

It's kind of like a Roth IRA in that case. When was the best time to have started a Roth IRA? 30 years ago. When's the second best time? Today. And so tax-free compound interest is the eighth wonder of the world. And that's exactly what we're talking about here.

And so inside of Opportunity Zones, you get the ability to be able to grow whatever it is that you've invested in for up to 30 years, completely tax-free. And what then happens is if you die while you own it, your estate steps into your shoes. And so they then step in at what the original amount you invested in. So it becomes a poor man's irrevocable trust for purposes of freezing your estate value as it relates to your lifetime exemption. And then they step into the tax benefits of how long you've held.

So if you held it for six years and you got hit by the proverbial bus, they would hold it for another four, and then they would be able to sell it at fair market value and pay zero capital gains taxes on it. And the only amount that would go against your lifetime exemption amount, and this is relevant for people that have that 30 million net worth or up, is that whatever your original investment was. So if you put a million dollars into an investment in an Opportunity Zone, and the real upside here are operating businesses. So you put a million dollars into something that's the next Facebook, and it's going to come out at a billion dollars. Let's say that your million dollars grows to a billion.

You pay zero taxes. And then the amount that goes against your estate. So normally you would end up paying taxes on \$460 million or \$470 million in that example. The only amount that goes against your estate is the original million dollars that you put into the Qualified Opportunity Fund in the beginning. And so it becomes a really, really powerful tool for purposes of legacy building and also for purposes of potential estate planning too, just on a de facto basis where you don't have to get complicated.

CORWYN:

So what I just heard you say, Ashley, is that the only tax for the estate is just the inheritance taxes you pay, which is on, in my opinion, I'm sorry, and it's just on- What your original investment amount was. Yeah. Man, look at you, you just messed me up because you just told me something I didn't realize and know. I knew they were like the bomb, don't get me wrong. But nonetheless, like you just hit me with something I didn't know.

So I just learned something there, listeners. Guys, look, this is a vehicle. So your company advises and essentially acts as a conduit to connect capital to various Opportunity Zone funds.

ASHLEY:

Is that correct? Sure. So we do that.

Our bread and butter is setting up Opportunity Zone funds for folks that want to do their own deals or who have a gain and they want to be able to control that gain via a captive opportunity fund. We set up more captive opportunity funds than anybody in the country. We're over 2,000 at this point in time. And so we specialize in helping them do that and then making sure that their audit trail is buttoned up. The great thing about the OZ program is that you don't have to ask permission from anybody.

So it is as of right. But along with that comes the obligation that you have to keep really good records about what you've done so that you can prove to the IRS if they come a knocking. And so we help people do exactly that. And then along the way, we also have a fund. So we've raised a fund ourselves.

So we've got investment opportunities. We do boat and RV storage deals. We do a number of different other investments. We've got a solar manufacturing company that we've invested in. So

people could invest in our fund or we've got a number of different deals from great sponsors across the United States that if somebody wants to go into a professionally managed fund, they could go directly into that fund or they could come into a fund that we set up for them and then they can allocate from there.

And that's our bread and butter. That's what we help people do on a weekly basis. I was doing that today, 10 to 1130 Eastern Time. That's when our mastermind is. And it's every Tuesday.

It's a highlight of my week. And we help people make their generational wealth building dreams come true. That's what we do. Awesome. Awesome.

CORWYN:

Well, Ashley, look, we've quickly gotten to the end of the day show. I want to thank you from the bottom of my heart, man, for taking time out of your busy schedule to drop those jewels, nuggets, and everything else on our folks today. I really appreciate it.

ASHLEY:

Absolutely, man. It's an honor and a privilege, Corwyn.

Glad to do it. And can't wait to come down and see you in Charleston, right? And get some great food. And that's one of my favorite opportunity zones in the country. An opportunity to get your belly filled.

CORWYN:

I love it.

I love it. I love it. So if our listeners, guys, look, you know how we do. We've been doing it. We're going to keep doing this as long as we can.

And that is this. We're going to tell you how we feel about you. We're going to tell you that we love you. That we love you. That we love you.

I love you. And we're going to see you guys out there in those streets.