

KRISTA:

Think about how you're going to exit. Don't go into anything unless you know how to exit properly. Real estate doesn't do anything for you unless you exit properly.

CORWYN:

Guys, good morning, good morning, great morning to you. Welcome to another fabulous episode of [Exit Strategies Radio Show](#). So look, for those of you who've been watching us, who have been following us for some time, y'all probably was digging our new intro. I'm so stoked. I'm so excited, guys. We have been moving the needle. We've been seeing people do miraculous things in their lives, changing their entire trajectory with their family. It has been amazing. And I want to thank you. Thank you all for continuing to do what you're doing right now, which is to have tuned in, whether you're in the car and got us on the radio, whether or not you're at home flipping flapjacks or pancakes or making waffles and chickens and waffles. Y'all call me if y'all making chicken and waffles now. Whether you're doing any of that, guys, whether you're catching us on our website as a podcast on your favorite app, guys, thank y'all so much from the bottom of my heart. So I'm super excited, guys. Again, always got to give a shout out to those people that listen to us faithfully. Pastor Vanderbilt Evans Senior, look at that dude will jack me up if I don't get his name right. So I always got to say hello to him and his beautiful, wonderful, amazing wife. I'm Ms. Sondra Evans. The Kellers, the Lequeu family, my mom out there in Mark's Corner, y'all that listen out there in Hollywood, my people in Marin and Mullins, guys, thank y'all so much for tuning in. So I'm super excited about this show today because every time we get to talking about money, that's a different type of conversation. You know what I mean? We got to rub our hands together. We got to smile and all that stuff. And how do we build and create legacy? And our guest today is an expert in this field. I'm super excited that she's taking the time out to be with us here today. So today I'm very fortunate to have none other than Mrs. [Krista DeBrine](#). She's a proud alumni of, yeah, she had to tell me about that. Look, it's like, look here, we going to un-brine a turkey. That's what she said to me. But a proud alumni of the University of North Florida, a business development specialist. And she works in the South Carolina Low Country. She has more than a decade of experience across sales with real estate and logistics and helps investors and property owners make smart, practical decisions when navigating complex transactions. So what makes her especially valuable today for you all as our listeners, she talks and speaks to homeowners, investors, future buyers on her ability to translate. Yes, she speak this language, guys, of tax and real estate investment strategy. She makes it plain for us, all helping us to understand not just what your options are, but when they really actually make sense. So today she's going to help us break down some of the rules around 1031s, how they work, but she's also going to talk about some of the 2026 new tax rules. So guys, I'm super excited. Please join me in welcoming Krista to the show. Krista, how are you doing today?

KRISTA:

I'm doing well. Thank you so much for having me on your show and congratulations on all your success. It's been such a hit.

CORWYN:

Well, thank you. Thank you. I appreciate that. So look, I always like to ask people, you know, a high level overview, who you are, what you do, and let's get into a conversation. I'm excited about this today.

KRISTA:

Thank you for having me. I have been in real estate for years now, as you've heard. I'm new to the low country for two and a half years, but for those two and a half years, I've been lucky enough to work with [Banker Exchange](#) and my company, Banker Exchange, they have been deferring taxes for over 34 years. So while it's new to me, it's definitely not new to them. And while it's new to me for two and a half years, I can definitely say that every day I'm learning something new. And from where I started from here today, it's countless information. It's endless information. I always feel bad for whoever gets in an elevator with me because I share too much on the subject. So we only have so much time today.

CORWYN:

Look here, I love it. The elevator speech. So look, let's give an introduction. Some of our listeners may be familiar, many may not be. What is a 1031? Simple terms. What is a 1031 exchange?

KRISTA:

Perfect. Simple term. You have an investment property. Say it's a rental property. You're selling said rental property and you're selling it and hoping to get a profit like everyone would want, right? That profit is called the capital gains and the IRS says, well, I want a portion of that. I'm going to tax that. So it's called the capital gains tax. A lot of people don't love this idea, right? Would you want to pay, lose all that money when you're selling this property? No. The point of a 1031 exchange is to defer your taxes. So you're not avoiding them, but you're kicking the can down the road a little bit. But that means you actually still have more capital you can put into your next project. So if you're selling a rental property, you can buy either another rental property or an office building or land, as you can mix and match it, which a lot of people don't know. Defer those taxes. You sell at 600,000, you buy maybe at 800,000 and you defer those taxes. Now you're not wasting money on taxes right now. You're investing in your own future and you're continuing your legacy.

CORWYN:

That is huge and that's perfect. So one of the things, Krista, obviously we're in a new year. We're in that season period of time of this is a tax season. My accountant who I'm fortunate enough to have right down the hall. So when I got a question, I literally just stick my head in his office. Short of it is he is nailed to the wall right now, literally in day and night, overnight, almost sometimes working on returns, et cetera. So what rules related to 1031s and these types of transactions have changed for 2026 as people file their taxes? What does that look like?

AD:

Let's take a short break. You served your country with pride. Now it's time someone serves you. At [Country Boy Homes](#), we believe every veteran deserves a safe, beautiful and affordable

place to call home. We proudly offer VA loan friendly, manufactured and modular homes built with integrity, quality and your family in mind. Whether you're retiring to the peace of the low country or starting fresh with your family, we're here to build the future you've earned. Give us a call today, **843-574-8979**. [Country Boy Homes](#), built to honor, built to last.

KRISTA:

Luckily for 1031s, the one big beautiful bill actually solidified the purpose and this value in our economy. And so it's never been a better time to do a 1031 exchange if you're looking to sell your property and invest in another. And the reason being is because we can't always predict the future, right? Every presidential election, someone dusts off the shelf the 1031 bill and they say, hey, let's revisit this. And it's always on the chopping block. And then it comes to decision time and they look and they decide that maybe they all have investment properties and they all make the right call or they look at it and they actually look at how much money goes into the economy overall. I mean, majority of the time, people level up by 30%. And if that means new capital goes into the next property. Now, Ernst & Young is an accounting firm, well-known. They did a deep dive study on the 1031 exchange. And what they found is that it's actually 80% of the people who have property and then 1031 to another property, 1031 to another property, 1031 to another property, 80% of them cash out at the end instead of giving it to their next generation. And that means that it's not that there's individuals or companies or LLCs or entities that are holding these taxes and not releasing them into the government that we're not reaping the rewards of. They're actually increasing over time, but that means their income and their profits are actually increasing over time. So when it comes time to pay out, if they want to exit, yes, their taxes are higher, but their profit margin is so much more significant that it doesn't matter or it doesn't hurt as much. And so, but 80% of it goes back into our economy. That's a beautiful thing.

CORWYN:

So one of the things that, you know, a lot of people sometimes I think, and please, Krista, please correct me because you're the expert in this field. I'm just a novice. I'm maybe even more of an amateur, but a lot of people that take advantage of 1031 are really mom and pop investors, like own individual. They're trying to scale up and grow the portfolio and they leverage this for that. Am I correct? It's not usually institutional people, correct?

KRISTA:

Yeah, the average exchange that we see is maybe a million to 3 million, somewhere in around there. So those are the averages. So those are the mom and pops. Those are the ones that maybe have a fleet of Airbnbs up in New York. And then what happens? They all move to South Carolina, right? We've seen them. We know they exist. They're out there. And so they don't want their fleet of Airbnbs up there where they can't manage them. So if they sell their property at 600,000, they get to put that 600,000 to their property gear. And so it puts money into this economy, defers those taxes. They're in the same situation they were previously, but now they get to manage their portfolio or they want to diversify their portfolio. Maybe rental properties on the water in Florida is not the best solution for them. Maybe they want the mountains. Who knows? They can make some money.

CORWYN:

So that's interesting. And shout out to our folks from New York that got the fleet of Airbnbs. Please make sure you reach out. And for my folks, we always say everybody's from Ohio that moves down here. And we love our folks from Ohio. But look, let me ask you this one. Why is this relevant? Regulations, and you made a very valid point. Being within the industry from the side that I'm in, we see 1031s literally every year or every congressional session. It seems like there is something, somebody talking about 1031s and trying to leverage it as a means, essentially to take it away. And we see time after time, year after year, that it's always preserved because it makes sense. Everyone advocates for it because it makes sense. But from your point of view, from your perspective, why are 1031s still relevant?

KRISTA:

Oh my goodness. And do we have enough time? It's so relevant for everyone's specific uses. I mean, you can go from someone who has a rental property, just one tiny rental property. Maybe it's a townhouse or a condo, or maybe you have a client who has a hotel and they want to move from one hotel and then finally expand it. So they need a new hotel. Do they deserve to get hit with so many taxes when they sell that little hotel because they finally have enough business to expand? That's going to hurt them. So in every different type of way, if you're selling real estate and you're hoping to go into the next real estate venture, this is the smoothest transaction you could possibly do. And it's the best time to take advantage of it because again, we never know really when it's going to come up. We have within our FEA, realtors have their National Association of Realtors, QIs, which is what we are, Qualified Intermediaries. We have the Federation of Exchange Accommodators, the FEA. And so yes, we have our own police force, if you will, our big head honchos. And so we have a Government and Affairs Committee that actually goes and they check on all the different regulations. If there's going to be new bills, we know we are up to date. We know more than anyone else will probably have at their fingertips. Like for example, in California, there's a proposed bill that they're going to be limiting the 1031. If they do that, if they limit it to maybe it's 500,000 that you can exclude, most buildings, most properties go for one more than that. And so that's going to limit it. It's going to hurt the everyday mom and pop for sure. And it's going to definitely hurt the bigger guys too. If they're going to be moving from their big company from one building to the next building, it's going to hurt their flow too. And it'd be interesting to see where that trickles down into the economy between how that'll relate to them, where they're going to find that extra income to put into their property, if they're going to be not saving on taxes.

CORWYN:

So let's kind of take what I would call a shift, Krista. For our listeners, what we're going to talk about now is how you help people to understand the 1031 and whether or not it's a realistic option or something they just heard about, but never really, if you will, understood. And that's what we've been talking about. My apologies. So let's talk about mistakes. The costly mistakes. This is where people start to like, oh, yeah.

KRISTA:

We've seen them.

CORWYN:

What about the folks who sell first and ask tax questions later?

KRISTA:

It's always so sad. I always wonder if I get a call from a client who says, hey, Krista, you know, my realtor told me to call you. I asked her about a 1031 exchange and I says, okay, well, tell me what you're thinking. It's like, well, I heard about this reverse exchange. So I sold my property yesterday or like last month, some time in the past. I'm like, when you say sold, tell me that you under contract. You didn't exchange keys yet. And they're like, no, no, no, no. It's sold. It's done. It's like, oh, no. And I'm always wondering, did the realtor have them call me so I could deliver the bad news? Because I know that I taught that realtor better. There's no rain checks with the IRS. So if you go to buy a property and then you're thinking, oh, okay, well, that's great. I'm going to buy my replacement property. And okay, now we can go and sell our rental. There's no rain checks. You can't involve us later. So I guess the number one mistake is involving us too late. There's never a too early to engage in us. And by engagement, I mean, call us up. I mean, I will have realtors call me up saying, hey, I have an appointment I'm driving to and they have land they're thinking of selling. What are those questions you want me to ask again? And I'll run it over with them. Make sure you know how it's titled. We have clients who it might be in a multi-member LLC. So it's maybe Mary, Gary, and Bob. And Mary, Gary, and Bob own an LLC together and they own this land. But when they go to sell it, they find out no one tells us, but then Gary says, well, I'm actually going to take my portion and go to Tahiti. Well, you're all in the LLC together and that's how it's titled. So the titling needs to match. So if you're titled together one way, when you sell, you need to be titled that same way together when you purchase. So that's the mistake of not calling us soon enough to find out because we can guide people through what to do for those situations. It's fine if Gary wants to go to Tahiti. We're happy for him. Ask him to send us a postcard. But we got to make sure that Bob and Mary are in the right position that they can take their two thirds and 1031 out.

CORWYN:

It makes perfect sense. And that's interesting because people don't think about that. And Matthew, you may have given me another question here, but I'm going to ask you this one here first. What about the mistake of missing the timelines and disqualifying the exchange?

KRISTA:

That could be a rough one. And people because, OK, so when you're selling property A, the property that you're selling, your rental property, the day that closes is day zero. So your clients are going to have 45 days. The next day is day one. They're going to have 45 days to pick out what they want to buy, right? And picking out doesn't mean they have to be under contract. It doesn't mean that they need to be closing within those 45 days. It means you need to give us a list of which properties we're going to say to the IRS, this money is designated for these properties in those 45 days. And it's calendar days. And so a lot of our clients say, well, 45 days isn't going to be long enough. Well, they're calling us. And it's interesting because sometimes

they call us before their property is listed. So it says, well, why don't you start looking now? Your 45 days hasn't begun yet. You're not even under contract to sell yet. It's not even a future date yet. So go ahead and take your clients and have those serious conversations. Do you want to buy again in South Carolina? Because with the federally recognized tax code, you could buy anywhere in the United States and the U.S. Virgin Islands and Guam. So narrow down where the location. Find out what kind of property. Is it land? Is it you want to mix and match, get a rental and land, maybe an office building in there, whatever you want to buy, have a conversation with your clients. So that way it narrows it down. So that way they feel more focused in on what it is that they want to go into next. So they get excited and then they can stay on top of that timeline because if they miss it, it hurts them. But it's like when your kid has to go and get a vaccine shot, right? It hurts them, but it hurts us so much to watch them cry, right? It hurts me more than it hurts you. It was so sad. So that happened today. So it's sad because day 46, whatever properties your clients have identified, that means those are the only properties in the arena of real estate we can release that money for. And that's what's hard too is because the 1031 is a fantastic, incredible, there's nothing better in the IRS codes for saving the economy, for personal use, for investment purposes. But you have to do it right. We like to think of ourselves as the expert tour guides for the game. Now, once you're in that 45 days and after those 45 days and you're locked into the arena, that's the only properties that we can release your funds into. And if say one property burns down, a seller takes it off the market, you got outbid, we've pled that case to the IRS and said, listen, our clients, they only picked free properties and none of them worked out. What do we do? We either have to hold their funds so the clock runs out at day 180 because it goes from day 45, day 46 to day 180. We have to hold those funds until day 181 when we release it. Or the IRS says, well, everything's for sale. Go make them a better offer. No one wants to have to do that. So, luckily we have very in-depth conversations with our clients because we want to make sure it's clear. We don't want to overwhelm them by the stress of the regulations, but we want to make it clear so that way they feel more empowered and that they got theirs and that they're confident in what they're going into.

CORWYN:

Makes perfect sense. So, Krystal, thank you for that. So, we're going to take a moment here and just kind of plug this in. Hey, guys, you're listening to Exist Strategies Radio Show where we help you make smarter real estate decisions that support long-term wealth and legacy building, not just quick wins. So, we're talking to Krystal DeBruin today and she is talking to us about 1031 tax-free exchanges. And before the break, guys, we're talking about the mistakes. But Krystal, we don't want to delve on what could go wrong. We want to make sure we know how to get it right. So, a question I have for you is, why should strategy come before transactions?

KRISTA:

Yes, love this question. Well, let's put it this way, Kwaren. Have you ever sold a client a vacation home, like a second home?

CORWYN:

Yes.

KRISTA:

I'm sure you have. And they have no intention of doing anything except it being their second home, their vacation home, their beach home, their mountain home, whatever it is, their cabin. Now, if you call them up today and say, hey, are you thinking about selling in one to two years? And they'll say, well, I don't know. Maybe. It depends. You're like, okay, well, if you are, would you be putting yourself in the right position strategically to defer your taxes? Because if you were to sell it today, you couldn't do a 1031 exchange. But if you strategize and you start renting it today in one to two years, when you go to sell it, you then have the option to defer your taxes. Maybe they're sick with the cabin rental. Maybe they're ready to move down to the beach. And by renting it, I mean, here's the best part. It's only a minimum of 14 days out of the year that we require for it to be a rental property. Fair market value, 14 days, doesn't need to be consecutive, but it's strategizing and it's having those conversations. That's so important. Sell a vacation home today, it does nothing for your clients. 1031 later, now they're excited about buying another property, which one, can be another investment or sales for you, but also it defers their taxes and it allows them to level up. It's more capital in their pocket that they can buy higher up.

CORWYN:

So you just said something Krista that really sparks and makes sense. So someone legitimately could buy a property in a market area where they want to be at. Obviously, you know, an area that you can do a 1031, but you could buy a property, sell an investment property, buy a property there and short-term rent it for a few weeks out of the year. If that, I mean, the prescribed time period is and still qualifies. Is that correct or am I incorrect in what I just said?

KRISTA:

So if you're buying a vacation home and you go to rent it, you have to limit your use on vacation days. Now, maintenance days are free. Those are free days if you're going to check on the house and make sure you change out the air filter, such as that, that's a free day.

CORWYN:

Okay, interesting. So that is completely expands and gives people additional options. So let's talk about how life defines how it's done, meaning how life changes such as retirement, heir's property, cash flow, that stuff affects these types of decisions. So give us some insight on that. What should people be thinking about in their strategy?

KRISTA:

Absolutely. I mean, there's a product out there called a Delaware Statutory Trust, and it's for kind of layman's term, our retirement clients. Those clients who are sick of the tenants, toilets and trash. They don't want their rentals anymore and they don't want to deal with the property management anymore, but they want their mailbox money and they just want to do whatever it is that they want to do. So they can 1031 into real estate again, or they could 1031 into a Delaware Statutory Trust, also known as a DST. There's two different types of DSTs, but this is the Delaware one, nothing to do with the state. So the Delaware Statutory Trust, it's kind of like a time capsule because once you put in your money, say you have your client has 400,000 to

put somewhere and it's day 40 in their timeline and they say, I have no properties I want to identify into. Everything looks like a hassle. What are my options? And I will not be paying taxes right now. Figure out a way to defer them. Well, a DST would be a great option. So what it is, is you put it into Delaware Statutory Trust and it's a real estate development project essentially. And it's a, you might find a one that has like a two to four year hold or there's a four to six year hold. So there's different time holds and there's different minimum buy-ins and they all kind of have their own kind of flavors and menus. Like if you were going out to eat and it's Italian or Mexican, there's one that's renewable energies. There's one that's Ford Motors. There's different, like there's medical, there's different uses for them. But when you put your money into a Delaware Statutory Trust, it's locked in until it completes. So you will get mailbox money. You'll get your monthly payouts. You'll pay interest on that. But at the end, say you put in your 400,000, you get your 400,000 out after. Now, when that completes, it's important, is you have four options. You can cash out and pay your taxes. You can put it back into real estate. If you prefer saying, I want control over my properties, I want to put up a wall, add a bathroom, add a kitchen, make it a duplex, however you want. I personally love the control of real estate. Or you can put it into another Delaware Statutory Trust. If your client really loves that, wow, this is perfect. It was hands-off and I got a check in the mail every month. That was fantastic. Let's do it again. Or some DSTs roll into a 721 REIT. Now, some DSTs are scheduled to do that and some are not. Some have that option. So that's something to consider too when your clients are looking, okay, what's a good solution? There's no fail-safe. There's pros and cons for everything. A con for a Delaware Statutory Trust is you can't get your money out and you can't really control that equity. When you put 400,000 in, you get 400,000 out. You can't go in and add a bathroom. You can't go in and renovate the kitchen. And it's locked in. So if the project completes in four years, you have to wait for four years to liquidate that. Where real estate, you could say, you know what? Slap on some new paints, take some pictures, and let's put it up on the MLS. So there's different pros and cons for everything. I mean, it's all about a personal choice. It's what's best in that individual's life for their circumstance. So everything has its options. We had a client who they have the big family compound, like the big family complex. There was a big house and stuff and they were so excited. They always had their family reunions there and stuff. They were going to leave it to the grandkids. The grandkids finally sat them down. They said, listen, in a couple of years, that roof is going to need to be replaced. And that roof is going to cost more than we make in a year. And the grandparents thought about it and said, okay, you know what? This is probably not the best solution here. So they sold that property and they bought student family or student rentals, student housing rentals. And so every grandkid got one. So once they inherit them, they already inherit a fully functioning rental business for their own rent student housing. And if they want to sell, they can. They would get that step up in basis by the day they inherit it. Say it's then worth 600,000. If they go to sell it within that time, if that's 600,000, zero basis, zero taxes. But if they hold it for a while and now they go to sell it at 700,000, there's going to be some gains. If they 1031 exchange it and put it into another property, they continue their family legacy like how their grandparents did for them.

CORWYN:

That's huge. So Crystal, we are quickly gotten to what theoretically would be the end of today's show. So I want to ask you though this final question and I'm going to ask you the question from

the perspective of somebody who was starting now. You know, I always like the hindsight, the 2020 question, if you can do this thing all over again. And maybe you can incorporate yourself into it as well. But if you were telling someone today what they should be doing as succinct as you can, what would you tell them?

KRISTA:

Think about how you're going to exit. Don't go into anything unless you know how to exit properly. Real estate doesn't do anything for you unless you exit properly.

CORWYN:

That is huge. So Crystal, I want to thank you so much for being on today. You just blew my mind with that. We are definitely going to get you scheduled and get you back on because we got a lot more to unpack. So I'm super excited to tell you that and we're going to do that. For our listeners, guys, look here. Y'all know what this thing is. Y'all know how I feel. Y'all know what I say. Y'all know what's put the two of those things together and I give it to you this way, which is to tell you that I love you. I love you. I love you. We're going to see you guys out there in those streets.