FOR OPPORTUNITY ZONE FUND SPONSORS, INVESTOR-RELATIONS TEAMS, AND OZ ATTORNEYS AND CPAS

The Boot Guy's Brief for Opportunity Zone Funds: Structured Sales as a Recurring Source of Eligible Gain

How a structured installment sale turns one large gain into a new eligible-gain event every year, what part of each payment can go into a fund, how the OZ 2.0 clocks run per vintage, and what the numbers look like when the fund does well, flat or badly.

HANS GOLDSTEIN, EA · Hans Goldstein: Tax & Exit Planning · October 2026
Annuity placement: Goldstein & Co. LLC dba Goldstein Insurance Services · CA lic. 4273294 · firm lic. 6016830

1. One-Page Summary
2. How a Structured Installment Sale Works
3. What Part of Each Payment Can Go Into a Fund
4. The Clocks: OZ 2.0 Timing for Each Vintage
5. A Worked Example: $3 Million California Rental
6. California and Other States
7. Serving Structured-Sale Investors: What a Fund or IR Team Should Know
8. Open Questions, Stated Plainly
9. The Estate Layer: Sellers Over the Estate-Tax Line
10. Working With Hans

1. One-Page Summary

Hans Goldstein is the boot guy. He works on the sale side: the part of a seller's price that will not go into a like-kind replacement, or the whole price when the seller is done owning real estate or a business. One tool he uses is the structured installment sale, which spreads the seller's gain over 10 to 20 years of fixed payments. Under OZ 2.0, that schedule matters to a fund.

Why structured-sale sellers are a recurring source of eligible gain:

1. **Every payment is a new eligible-gain event.** Installment gain is eligible gain (Reg. §1.1400Z2(a)-1(b)(11)(viii)(A)). For each payment, the seller may start the 180-day window on the date the payment is received or on the last day of the tax year, With the payment-date start, "each payment will begin a new 180-day period" ((viii)(B)); with the year-end start, that year's payments share one window. Either way, a 10-year schedule is ten yearly chances to invest; a 20-year schedule is twenty. (The regulation text still recites the old 2026 cutoff; Section 8 covers why the statute and Notice 2026-40 control.)
2. **OZ 2.0 makes the schedule usable.** P.L. 119-21 §70421 repealed the 2026 sunset. For amounts invested after December 31, 2026, each investment gets its own 5-year deferral, a 10% basis step-up at year 5 (30% in a qualified rural opportunity fund), and the 10-year election, with fair market value measured no later than year 30. Notice 2026-40 §4.02(2) confirms that gain realized "on, before, or after December 31, 2026" and invested on or after January 1, 2027 gets the new rules.
3. **The investor needs only the gain, not the payment.** In the $3 million example in Section 5, about 60 cents of each principal dollar is eligible gain. Interest and the basis share of each payment stay with the seller as spending money and tax money.

Three ways a seller can use it:

- **The ladder.** Each year's payment gain goes into a fund (the same fund or a different one), each a separate investment with its own 5-year and 10-year clocks. Ten smaller year-5 tax bills instead of one large one, and fund risk spread over ten vintages.
- **One fund at closing.** A cash sale with the whole gain invested at once. More upside if the fund performs, more exposure if it does not, and a larger single year-5 bill.
- **The full stack.** A 1031 exchange for most of the price, a structured sale for the boot, and each boot payment's gain into a fund. The exchange defers the bulk; the fund ladder works on the part the exchange could not place.

A 1031 alone ignores the estate problem. The step-up at death erases income tax on the gain. It does not touch estate tax, which is 40% above $15,000,000 per person ($30,000,000 for a couple, 2026). See the estate layer in Section 9.

The rule: OZ adds money only if the fund earns enough after every fee. In the models behind this brief, the fund had to net about **3.6% to 4% a year after fees** over 20 years before an OZ plan beat paying the tax and investing in an ordinary taxable portfolio earning 6% before tax (about 3.9% to 4.5% after tax). A ladder judged at year 10 needed about 5% or more, because its later vintages are not yet 10 years old. The tax benefit does not rescue a weak fund.

2. How a Structured Installment Sale Works

A structured installment sale is designed as an installment sale under IRC §453. At closing, the buyer's deferred payment obligation is assigned to an assignment company, which funds it with an annuity (or, in some programs, a funding agreement) from a life insurer and makes the payments on a fixed schedule. The seller reports gain on Form 6252 as each payment arrives.

- **The seller cannot speed it up.** No acceleration, no pledge, no sale of the payment rights. Net proceeds of a loan secured by the obligation are treated as a payment (§453A(d), sales over $150,000); selling or otherwise disposing of the obligation triggers the deferred gain (§453B(a)); and an obligation payable on demand, readily tradable, or secured directly or indirectly by cash would be a payment at closing (Temp. Reg. §15a.453-1(b)(3)(i)). Never suggest that a seller borrow against the payments to fund an investment.
- **It must be set up before closing.** The structured amount is written into the purchase agreement and paid by the buyer at closing to the assignment company. It cannot be created after the buyer has paid the full price.
- **The main legal risk is on the §453 side, not the OZ side.** The regulation treats a note of someone other than the buyer as a payment (Temp. Reg. §15a.453-1(b)(3)(i)). Structured programs rely on the obligation being the buyer's own, assumed by the assignment company as a term of the sale. No statute, regulation or published ruling approves that step; the seller's own counsel should review it. If installment treatment failed, the whole gain would be taxed at closing, the first 180-day window would already have closed, and later fund investments would have no eligible gain behind them.
- **It is not a monetized installment sale.** The proposed listing regulation (REG-109348-22, still proposed) targets an intermediary that takes title and resells, plus a loan to the seller funded by the buyer's cash. A structured sale differs on every listed element: no intermediary reseller, no loan, no cash-secured seller right.

Trade-offs, stated once: the seller is an unsecured creditor of the assignment company and cannot reach the money early; state guaranty associations may not reach a payee who does not own the annuity. Depreciation recapture taxed as ordinary income is recognized in the year of sale regardless of the schedule (§453(i)). If the face amount of installment obligations arising in the year (from sales over $150,000) and still outstanding at year end exceeds $5,000,000, an interest charge applies to part of the deferred tax (§453A(b)(2), (c)); farm property is exempt (§453A(b)(3)(B)).

3. What Part of Each Payment Can Go Into a Fund

Each principal payment has three parts. The gross profit ratio (gain over contract price) sets the gain share; the rest is basis recovery. Interest is separate.

Part of the payment	Eligible to defer?	Why
Interest	**Never**	Ordinary income, not capital gain (Reg. §1.1400Z2(a)-1(b)(11)(i)(A))
§1245 recapture (equipment, cost-segregated components)	**Never**	Ordinary income; excluded from "qualified 1231 gain" ((b)(11)(iii)(A)); recognized in the year of sale (§453(i)), so it needs cash in year 1
Unrecaptured §1250 gain (building depreciation, taxed at up to 25%)	**Yes**	Capital gain, not §1250 ordinary income, so it is qualified 1231 gain. It keeps its 25% character when included ((c)(1)(i)). Installment payments carry it first (Reg. §1.453-12), so the early vintages hold it
Remaining capital gain (15% or 20%)	**Yes**	Capital gain or qualified 1231 gain
Basis recovery	Not gain	Free cash to the seller

Section 1231 details a fund's counsel will ask about. The eligible amount is the gross qualified 1231 gain, figured "not taking into account any losses" ((b)(11)(i)(A)(1), (iii)). The 180-day clock for installment §1231 gain uses the same payment-date or year-end choice ((viii)(B)). When the deferred gain is later included, it is treated as §1231 gain recognized on the inclusion date ((c)(1)(ii)), so §1231 netting and the §1231(c) 5-year lookback apply in the inclusion year, not the sale year.

Other eligibility limits. The sale must be to an unrelated person: §1400Z-2(e)(2) applies §§267(b) and 707(b)(1) with 20% in place of 50%, which also covers family members; a related-party structured sale cannot feed a fund. The fund interest must be equity, not debt ((b)(12)). Amounts invested above the eligible gain are a separate, non-qualifying investment (§1400Z-2(e)(1)).

> **Example:** $3,000,000 rental, adjusted basis $1,200,000, gain $1,800,000 (of which $600,000 is unrecaptured §1250 gain), no debt on the property, sold for 10 level annual payments of $379,136 at 4.5%. Gross profit ratio: 60% ($1,800,000 / $3,000,000; debt the buyer assumes would change the contract price).

Year	Interest	Principal	Gain (can go to a fund)	of which 25% layer	Basis (free cash)	Cash left after the fund check, before tax on interest
2027	$135,000	$244,136	$146,482	$146,482	$97,655	$232,655
2028	$124,014	$255,123	$153,074	$153,074	$102,049	$226,063
2029	$112,533	$266,603	$159,962	$159,962	$106,641	$219,175
2030	$100,536	$278,600	$167,160	$140,483	$111,440	$211,976
2031	$87,999	$291,137	$174,682	$0	$116,455	$204,454
2036	$16,326	$362,810	$217,686	$0	$145,124	$161,450
10 years	**$791,365**	**$3,000,000**	**$1,800,000**	**$600,000**	**$1,200,000**	

Cash is fungible. The investor does not have to trace the payment dollars into the fund; the requirement is that an amount equal to the gain be invested within the 180 days. In a full-stack plan, recognized gain is limited to the boot (§1031(b)), and when the boot is smaller than the realized gain, nearly all of each structured boot payment's

principal is gain, so the fund check is close to the whole principal. Only cash boot can be structured: debt relief that is not replaced is boot recognized at closing (§1031(d); Reg. §1.1031(d)-2), and installment reporting of boot runs through §453(f)(6) and Reg. §1.1031(k)-1(j). The modeled case assumes no debt.

4. The Clocks: OZ 2.0 Timing for Each Vintage

Clock	Rule	Source
Start	180 days from the payment date, or from December 31 of the year the payment would be taxed (seller's choice, per payment)	Reg. §1.1400Z2(a)-1(b)(11)(viii)(B)
Deferral	Gain included in the tax year that includes the earlier of a sale of the investment, another inclusion event, or 5 years after the investment	§1400Z-2(b)(1); Notice 2026-40 §4.02(2)
Step-up	Basis rises by 10% of the deferred gain after 5 years (30% in a qualified rural opportunity fund), treated as occurring before the 5-year date	§1400Z-2(b)(2)(B)(iii)
Amount included	Lesser of the deferred gain or the investment's fair market value, minus basis; a fund that has fallen produces a smaller inclusion	§1400Z-2(b)(2)(A)
10-year election	After 10 years, basis equals fair market value when sold; for a sale after year 30, fair market value on the 30th anniversary	§1400Z-2(c) as amended
Annual report	Form 8997 every year the investment is held; failure creates a rebuttable presumption of an inclusion event	Reg. §1.1400Z2(a)-1(d)(2)

The 2026 bridge. A 2026 payment can use the December 31, 2026 start, be invested in early 2027, and fall under the new rules (Notice 2026-40 §4.02(2)). The 2026 return then needs to be filed after the 2027 investment closes (extend), or amended. Gain invested on or before December 31, 2026 stays under the old rules and is included on the 2026 return (Notice 2026-40 §4.01).

Year 5 with an illiquid fund. Each vintage includes the lesser of its deferred gain or the interest's fair market value, minus the 10% (or 30% rural) basis increase: up to 90% (or 70%) of its deferred gain, less if the fund has fallen, at its original character, while the fund interest is usually still locked up. In the California example in Section 5, one fund at closing means a federal bill of about $363,000 in year 5 with no distribution assumed. On a ladder, the bills arrive one vintage at a time; in the same model the seller's total federal tax in any year, including tax on interest and each vintage's inclusion, stayed under about $53,000, and the later structured payments were there to pay it. Plan the cash for every vintage on day one.

Death and gifts. Death is not an inclusion event; the heir takes the deferred gain as income in respect of a decedent and the heir's basis in the fund interest is zero plus the statutory increases, with no §1014 step-up, though the holding period carries over and the heir can still reach the 10-year election (Reg. §1.1400Z2(b)-1(c)(4), (g)(6)). A gift is an inclusion event, except a transfer to a grantor trust ((c)(3), (c)(5)). The unpaid structured payments are a second income-in-respect-of-a-decedent stream for the heirs.

5. A Worked Example: $3 Million California Rental

Facts: $3,000,000 California rental, $1,800,000 gain ($600,000 unrecaptured §1250), $250,000 of suspended passive losses, married filing jointly with $250,000 of other income every year, sale in January 2027. Taxable side account earns 6% before tax (3.9% after California and federal drag). Fund returns are net of all fees, with no distributions. Three fund outcomes: +6% a year, 0%, and a one-time 30% loss. The 1031 case exchanges into a $2,000,000 Delaware statutory trust interest and takes $1,000,000 of boot as a 10-year structured note. All figures are engine outputs, wealth after all taxes at year 20 unless noted.

Plan	Fund +6%	Fund 0%	Fund -30%	OZ adds (+6%)	OZ adds (0%)	OZ adds (-30%)	Fund break-even, net of fees (10 yr ; 20 yr)
Cash sale, pay the tax	$5,258k						
Cash sale + whole gain into one fund	$6,102k	$4,238k	$3,665k	**+$845k**	**-$1,020k**	**-$1,593k**	3.63% ; 3.62%
10-year structured sale, no fund	$5,290k						
Structured sale + ladder (each payment's gain into a fund)	$5,973k	$4,448k	$3,953k	**+$683k**	**-$842k**	**-$1,337k**	5.14% ; 3.69%
1031 ($2M) + $1M structured boot, no fund	$5,854k						
Full stack: 1031 + structured boot + boot gain into funds	$6,235k	$5,388k	$5,136k	**+$381k**	**-$466k**	**-$718k**	5.51% ; 3.68%

How to read it honestly:

- **Compare each fund plan only with its own plain version** (the row above it). The 1031 rows also assume the replacement property yields 4% and grows 2% a year, so they are not a like-for-like comparison with the cash rows.
- **+6% means the fund simply matches the market** after fees. The gain is then the pure tax value: five years of deferral and the step-up on the original gain, plus federal exclusion of the fund's post-investment growth if the 10-year election is made. The original deferred gain is still taxed at year 5. **0% is a fund that only returns capital**; in private real estate that is not a disaster case. In both downside cases, every OZ plan loses money against not investing in a fund.
- **One fund at closing beats a ladder when the fund performs**, because all the money compounds from day one. **The ladder loses less when the fund disappoints**, because it spreads fund risk over ten vintages and keeps the fixed payments as a floor.
- **A ladder judged at year 10 needs a higher return** (about 5.1% here) because its later vintages are not yet 10 years old. At year 10, the ladder adds only about $57,000 at +6%; most of its value arrives in years 11 to 20.
- **A rural fund (30% step-up)** lowered the ladder's 20-year break-even from 3.69% to 3.33% and added about $95,000 at +6%.
- **Across all cases modeled** (Texas and California rentals, $5 million business stock and asset sales, $4 million farmland, a small $300,000 gain), the 20-year break-even ran from about 3.6% to 4.0% net of fees.

> **Fee drag, plainly:** published offering documents show low-cost listed and Regulation A vehicles near 0.75% of net asset value a year plus about a 1.5% acquisition fee, while private Regulation D funds often charge 1% to 2% a year plus acquisition and disposition fees, a 15% to 30% promote over a 6% to 8% preferred return, and 5.5% to 10% up front when sold through brokers. A private fund at 1.5% to 2% a year, a 20% promote and a 7% to 10% load needs gross project returns of roughly 7% to 9% to net 3.6% to 4% (our arithmetic, not a filing). Investors and their CPAs will ask for the all-in annual fee, the load and the promote in writing.

6. California and Other States

California does not conform. No deferral, no step-up, no 10-year exclusion; OZ 2.0 is not adopted. FTB Pub. 1001 and the 2025 Schedule D (540) instructions say "California does not conform" and tell the taxpayer to enter the entire gain; R&TC §18036(e) turns off the federal OZ basis adjustments (IRC §1016(a)(38)); and the con-

formity date in R&TC §17024.5 (January 1, 2025) predates P.L. 119-21. In practice:

- **California taxes the gain when it is realized**: all at closing in a cash sale, or as each structured payment arrives. It does not tax it again at the federal inclusion date, and it taxes the fund's growth at exit. California basis in the fund is the cash invested (our reading of nonconformity and the Schedule D (540) instructions; no FTB document says it in so many words).
- **California sellers still keep most of the federal benefit.** In the rental case, the California seller kept about 92% (one fund) and 98% (ladder) of the Texas seller's dollar benefit at +6%. Across all cases modeled, 89% to 99%. Growth excluded from federal tax is worth more when the alternative account is taxed at California rates.
- **The California problem is liquidity.** A cash-sale seller who invests the whole gain still owes the state tax in year 1, from other money, and then the federal tax at year 5. In the $5 million California stock-sale model, that meant about $982,000 of outside cash. The structured sale fixes most of it: each payment's state tax is paid from that payment's basis and interest.
- **A failed fund hurts a California seller more.** Federally, the inclusion shrinks with the fund's value. California already taxed the whole gain and returns a fund loss only against other gains or $3,000 a year (R&TC §18151).

Elsewhere: New York decouples the deferral but follows the 10-year exclusion; North Carolina decouples both; Arizona's conformity date picks up OZ 2.0; Washington's capital gains excise ignores §1400Z-2; Texas, Nevada, Florida and other no-income-tax states have nothing to conform. Several states were unverified at this writing. The investor's CPA confirms the state answer for each vintage.

7. Serving Structured-Sale Investors: What a Fund or IR Team Should Know

- **Annual subscription cadence.** These investors arrive every year, usually around the payment date or within the 180 days after December 31 (late June the next year; count the days). A fund that closes only once, or holds rolling closes only in certain months, will miss them.
- **Smaller, recurring checks.** A 10-year ladder on a $3 million sale produces checks of about $146,000 to $218,000 a year. On a $1.2 million sale with a $300,000 gain, the yearly slice is about $30,000, below many Regulation D minimums (sampled Form D filings show $36,000 to $750,000, mostly $50,000 to $100,000). Small gains add little anyway: in our small-deal model, OZ added about $124,000 to $156,000 over 20 years even at +6%.
- **Each vintage is its own investment.** Separate subscription records, separate 5-year and 10-year dates, separate deferred-gain amounts and 25%/20% character. The investor's CPA needs each year's Form 6252 gain figure, the split between unrecaptured §1250 gain and other capital gain, and the fund's confirmation of each investment date and amount.
- **The 180-day calendar is the investor's, but your closing schedule decides it.** The investor picks payment-date or year-end start per payment and documents the choice. Escrowed subscriptions that do not close within the window do not count.
- **Paperwork the investor files.** Form 8949 with code "Z" and the deferred gain as a negative amount, in the year the gain would have been taxed (for §1231 gain reported from Form 4797, including installment §1231 gain, the instructions use a positive "O" row and then the "Z" row), and Form 8997 every year, which needs the fund's EIN and the investor's records. Funds also face the new §6039K/§6039L fund reporting added by P.L. 119-21 (proposed regulations published September 11, 2026).
- **Zone and status.** For property acquired after December 31, 2026, the fund's property must be in a zone designated under the new map (Notice 2026-40 §5.01), with listed exceptions. Investors will ask how the fund meets the 90% test and whether it expects to qualify as a rural fund.
- **Year-5 liquidity.** Say plainly whether the fund expects to distribute cash near each vintage's fifth anniversary. Most will not; the investor's plan must cover it.

- **Rural appeal.** For farm and ranch sellers, the rural rule matters most: a qualified rural opportunity fund gets a 30% step-up, which lowered the modeled break-even. Farm sales are also exempt from the §453A interest charge.
- **Existing structured-sale annuitants.** Payments received in 2027 and later on older installment sales, including sales closed before December 22, 2017, can be eligible gain ((viii)(A); the IRS OZ FAQ gives a 2015 sale example).
- **No circular deals.** The buyer of the seller's property investing back into the seller's project, or a fund buying the seller's old property, invites the anti-abuse rule (Reg. §1.1400Z2(f)-1(c)).

8. Open Questions, Stated Plainly

No ruling or practitioner authority addresses most of these in the OZ context. The answers below are our best reading of the statute, regulations and preamble; each one is a "confirm with the investor's CPA or attorney" item.

1. **Suspended passive losses.** Does §469(g) free the sold building's suspended losses when the gain is deferred? Best reading: not for the deferred part at sale, since the election defers recognition and §469(g)(3) frees losses on an installment sale only in proportion to gain recognized. The losses then offset the inclusion gain later. Whether any remainder is fully released at the last inclusion is open. The dollar effect in our models was modest.
2. **§453A interest charge.** For obligations over the $5 million threshold, the charge is figured on the unrecognized gain in the unpaid balance. Rolling a received payment's gain into a fund neither raises nor lowers it, and the fund deferral carries no interest charge of its own. A literal reading that counts fund-deferred gain has no authority behind it, but is not ruled out.
3. **Documenting a 2027 or later election.** Reg. §1.1400Z2(a)-1(b)(10) and (b)(11)(i)(B) still say "before January 1, 2027"; that text implemented the repealed sunset. Elect the normal way (Form 8949 code "Z" plus Form 8997). Notice 2026-40 has no express reliance sentence; some preparers will want a short statement citing §70421 and Notice 2026-40. No 2027 forms or instructions exist yet.
4. **Step-up allocation.** How the 10% or 30% step-up is split between a vintage's 25% and 20% layers. Best reading: pro rata. It matters only for a vintage that holds both layers, and by a few hundred dollars in our example.
5. **Assignment and the 180-day clock.** If installment treatment holds, each payment starts its own window; the OZ regulation has no obligor test. The risk sits entirely on the §453 side (Section 2).
6. **§1231 at inclusion.** How inclusion-year §1231 netting and the 5-year lookback interact with the investor's other §1231 losses.
7. **Investor-side regulations.** Treasury has promised proposed regulations but none have been issued. Notice 2026-55 asks for comments by November 23, 2026 on interim gains, the working-capital safe harbor, the 30-year rule and inclusion events. There are no operating rules yet for qualified rural opportunity funds.

9. The Estate Layer: Sellers Over the Estate-Tax Line

Why a fund team should know this. Your largest-gain investors are often the same sellers with a second problem: the federal estate tax is 40% above $15,000,000 per person ($30,000,000 for a couple, 2026). Their CPA and estate attorney own that answer, not you and not Hans. It matters to you because a seller can use the same gain two ways, and the two compete.

The ceiling, in one example.

Frank and Diane, both 68, Texas, worth $45,000,000	Same sale for cash, no suspended losses	Installment sale with suspended losses (the extreme case)
The sale	$10,000,000 building, basis $2,000,000, gain $8,000,000	Same building, 5-year note at 4.5%, $2,000,000 of principal a year
Suspended passive losses (Form 8582)	None	$10,500,000, freed in step with the gain (§469(g)(3))
Federal income tax on the sale	about $2,054,000	**$0 on $11,350,000 received**
Estate tax at the second death ($45M less the $30M couple's line, at 40%)	$6,000,000	$6,000,000, paid by a $6,000,000 survivorship policy in an ILIT, funded by about $90,000 a year of gifts from the payments

Yes, this is an extreme example. Most people get part of it. It needs suspended losses about 1.3 times the gain (enough to cover the interest too), a short note, no state income or estate tax, a policy the owners can qualify for, and a fully taxable sale of the whole activity. Losses absorb only passive gain; raw land held for investment is not passive. Interest in each payment is still taxed. Coupons that cover half the gain cut the tax on the sale roughly in half, and a smaller policy covers part of the estate tax. The $90,000 premium is an assumption for illustration, not a quote.

What this means for a fund. A seller whose suspended losses absorb the gain has no large gain left to roll into a fund, so for that gain the fund is not the tool. A fund fits the seller with no losses, or with gain beyond the losses. The two uses of the same gain compete, and the seller's CPA picks (see Section 8, item 1, on how §469(g) interacts with a deferred gain). Do not present the fund as a way to solve the estate-tax problem.

The line only keeps up with inflation. The exemption is indexed, roughly 2.5% a year from 2027. A married couple, age 60 today, has a line of $30,000,000 that grows to about **$62.9M by age 90**. A couple worth $15M today growing 6% reaches about **$86.2M** and owes about **$9.3M** of federal estate tax; growing 8%, about **$150.9M** and **$35.2M** (future dollars; current law, steady growth, no spending; Waterfall Strategy model, October 2026). The client who says "we are under $30 million" may only be saying "today."

ILIT or an irrevocable real-estate trust? An investor's estate attorney may weigh both. They do different jobs.

	ILIT (trust owns a life insurance policy)	Irrevocable real-estate trust (gift, or sale to a grantor trust)
Step-up at death	**Kept** on the real estate the owner still holds	**Lost.** Heirs take the old basis and the deferred gain (Rev. Rul. 2023-2)
Suspended losses	Still the owner's to use on a sale	Usually stuck with the property; a gift does not free them (§469(j)(6))
Control	Owner keeps the buildings, loans and decisions	A trustee controls the property
Lenders and deeds	Nothing changes	Deeds change; a due-on-sale clause may need lender consent
Insurability	Owner must qualify for the policy	Nearly anyone can use it
Biggest risk	Policy lapses if premiums stop; an existing policy transferred in is pulled back if death comes within 3 years (§2035)	Low-basis property and an income tax bill the heirs inherit

The ILIT fits an owner over the line who wants to keep real estate and its step-up and can qualify for the policy. A real-estate trust fits high-basis, fast-growing property or an uninsurable owner ready to give up control. Many large estates use both.

Illustration on assumed facts, not tax, legal or investment advice. Hans is a licensed insurance agent and may earn a commission on a policy or an installment sale (see Disclosures). Have the client's CPA and estate attorney run the numbers.

10. Working With Hans

What Hans does, and what he does not do

- **He works the sale side.** Hans runs the side-by-side for the seller and the seller's CPA: cash sale, structured sale, exchange plus structured boot, each with and without a fund, with federal layers, the state and the year-5 cash shown separately. Annuity placement is insurance, offered through Goldstein & Co. LLC dba Goldstein Insurance Services, CA insurance license #4273294 (Hans Goldstein), firm license #6016830, only in states where licensed.
- **He does not recommend, sell or get paid for fund investments.** Hans holds no securities license. He does not name funds to clients, handle subscription documents or money, or advise whether or which fund to buy. He tells each client to decide with their CPA and a licensed professional the client selects and pays, and he points to more than one.
- **No money from funds, in either direction.** No referral fees, finder fees, success fees, event sponsorships, speaking fees, trips or co-marketing payments from any sponsor, placement agent or broker-dealer, and none paid by Hans. Hans's planning work for a seller is scoped to tax and the sale, and its price does not change with whether the seller invests in a fund.
- **How Hans is paid.** When an annuity-funded structured sale closes, the issuing life insurer pays a one-time commission to the placing brokerage, which pays Hans a share; it is built into the annuity's pricing. Hans earns nothing on a fund investment. A seller can ask for his compensation estimate in writing.

Where collaboration works

- **Co-education.** Joint webinars, CE sessions and investor events where the fund side explains the fund and Hans explains the sale-side mechanics in this brief. Each side bears its own costs.
- **Sellers before contract.** If a seller in your pipeline has not signed a purchase agreement, there is still time to consider a structured sale. After closing, there is not. With the seller's permission, send the property type and state, expected price, basis and depreciation (from the CPA), how the seller wants the money (now, over time, reinvested), any 1031 plans, and the seller's CPA and attorney.
- **Investor and CPA education.** Hans can walk an investor's CPA through how the payment schedule produces each year's eligible gain, the 25% layer ordering and the 180-day choices. He does not advise on the fund.

> **For the fund:** do not structure the investor's sale; that belongs to the investor's CPA and attorney. When a prospective investor mentions a sale that has not closed, the useful thing to say is "talk to your CPA and attorney about timing before you sign," and, if the investor wants, offer an introduction to someone who works the sale side.

Who he is. Hans Goldstein publishes tax education as Hans Goldstein: Tax & Exit Planning. He is an Enrolled Agent (EA), admitted to practice before the Internal Revenue Service. He is not an attorney, CPA, registered representative or investment adviser. This brief is for professionals, not for use as offering or sales material for any fund.

Contact: Hans Goldstein · 213-414-2808 · hans@goldsteinco.net

Tax education on federal and selected state rules as of October 2, 2026, checked against primary sources (IRC §§1400Z-2 as amended by P.L. 119-21 §70421, 453, 453A, 1245, 1250, 1231; Treas. Reg. §§1.1400Z2(a)-1, 1.1400Z2(b)-1, 1.453-12; Temp. Reg. §15a.453-1; Notices 2026-40 and 2026-55; Forms 8949 and 8997; California R&TC and FTB Pub. 1001). Not tax, legal or investment advice and not a tax opinion. The investor-side OZ 2.0 regulations have not been proposed; the rules here may change. Interests in qualified opportunity funds are securities, offered only by the fund under its own offering documents; nothing here is an offer, a recommendation or a solicitation to buy any security, and no fund is endorsed. Illustrations are model outputs under stated assumptions, not predictions; fund returns can be negative and principal can be lost. No IRS ruling approves the assignment structure used in a structured installment sale. Tax education is published by Hans Goldstein: Tax & Exit Planning. Insurance

products, including annuities, are offered only through Goldstein & Co. LLC dba Goldstein Insurance Services (CA lic. 4273294, firm lic. 6016830), and only in states where licensed. Hans Goldstein is an Enrolled Agent (EA), admitted to practice before the Internal Revenue Service. He is not an attorney, CPA, registered representative or investment adviser, and holds no securities license.