

## Delaware Statutory Trust

*DST*

Section 1031 of the Internal Revenue Code permits investment property owners to sell a property and defer all capital gains taxes and depreciation recapture taxes at the time of sale.

A Delaware Statutory Trust or DST is a separate legal entity created as a trust under Delaware statutory law that also qualifies under section 1031 as a tax-deferred exchange. The DST owns 100% of the fee interest in the real estate and permits up to 100 investors. Unlike a TIC where each of the 35 investors needs to qualify for their own loan, under the DST structure, the lender only needs to make one loan to one borrower, saving both the lender and the investor time and money. The managing trustee of the DST is usually the sponsor or an affiliate. This gives the lender greater security knowing that the sponsor will be operating the property. The DST structure, like the TIC structure usually pays the investor's a monthly or quarterly distribution throughout the life of the program.