

10/5 1:30PM CT WEBINAR EMERGENCY MEETING

FEDERAL TAX BILL WILL DEVASTATE PRIVATE LENDERS,
FUND MANAGERS, & CAPITAL INVESTORS

Presented by



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BACKGROUND

1. \$3,500,000,000,000 Infrastructure Bill
2. No Republican support
 - Therefore, must employ Reconciliation (i.e. offset tax measures)

Special Thanks to Nexus Capital for issue identification and AAPL policy material prep



GENERAL TAX MEASURES

1. September 15, 2021 House Ways and Means Committee offered proposal
2. Lower Threshold of Estate Taxes
3. Marginal Tax Rate (From 37% to 39.6%)
4. Capital Gains (From 20 to 25%)
5. 3% tax on incomes > \$5,000,000



IRA's Under Attack!

1. June 2020 - Peter Thiel story citing Thiel and others abusing Roth IRAs
2. Initially sold Paypal shares for \$26MM then invested those funds to get to \$5BN



Anti Peter Thiel Provisions

1. Prohibition of Roth or IRA investment if account balance $>$ \$10MM & AGI $>$ \$450k
2. Mandatory distribution if IRA $>$ \$10MM & AGI $>$ \$450k (50% above 10MM distributed)



Restrictions on what you CAN invest in:

Section 138314:

- Currently cannot invest in a company which IRA investor has 50% or greater interest
- Reduces to any non-public entity in which IRA holds > 10% interest
- Also prohibits any entity which the holder is an officer regardless of % ownership
 - (For example, mortgage fund manager investing in own fund)
- Bars future investment and 2-year divestment period



Most problematic - Section 138312

1. If the issuer of the security requires the IRA owner to have certain minimum level of assets or income (i.e. Reg D 506b or c)... or have completed a minimum level of education or obtained a specific license or credential.
- 2. IRAs holding such investments would lose their IRA status**
3. This section generally takes effect for tax years beginning after December 31, 2021 (prevents future investment)
- 4. 2-year DIVESTMENT for IRAs already holding these investments**
 - **All Reg D - Debt & Equity!**
 - **Mortgage Fund**
 - **Syndications**



Legislative Status

1. Sinema/Manchin have stated they are not in support of the \$3.5T spending bill
2. Biden recently announced a date of October 31 for a compromise bill between progressive and moderate wings
- 3. Unlikely congressional representatives appreciate**



Action Plan

1. AAPL created an official policy position explaining relevancy to private lending
2. Sample letter from mortgage company perspective available
3. Sample letter from IRA investor available
4. All distributed by e-mail after this meeting
5. Available on AAPL website



What can YOU do?

1. IRA investors will move this dialogue
2. Get this collateral to them and get them to contact
3. 98% of IRAs have less than \$1MM; 80% have less than \$300k



AAPL's strategy

1. Mobilize fund managers and their investors - use our collateral and resources
2. Hyper focused efforts on Arizona
3. Working with Capital Fund 1, Hanson Capital and others to mobilize in AZ with Sinema specifically
4. In discussions with California Mortgage Association, Arizona Private Lender Association, **strength in numbers**



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