

1031 EXCHANGE PRODUCT KEY STEPS AND REMINDERS

Key Steps When Working with a 1031 Exchange Product:

- 1** The client is working with a tax advisor (e.g., CPA, tax attorney).
- 2** The client has a Qualified Intermediary in place and has not received any proceeds from the sale directly.
- 3** A [1031 Exchange Suitability Review Form](#) has been filled out and approved by Commonwealth.
- 4** The client has worked with the home office and sponsors to select appropriate product(s).
- 5** Obtained offering materials and subscription documents from product sponsor(s).
- 6** The client has reviewed the offering materials and completed all necessary documents, including:
 - [Master Services Agreement \(MSA\)](#), if one is not already on file at Commonwealth
 - [1031 Exchange Processing Form](#)
 - [1031 Comfort Letter](#)
 - Subscription agreement (obtained from product sponsor)
- 7** Submitted completed subscription documents to Commonwealth's Direct Investments team for review. Commonwealth will forward all completed paperwork to the sponsor.

Please note: The above assumes we're working specifically with 1031 exchange products. This information is not necessarily applicable for a direct 1031 exchange.

Reminders on next page →



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Important Reminders:

Timing – Clients have a limited amount of time to identify and purchase a replacement property:

- 45 days from the sale of a property to identify a replacement property or product
- 180 days (6 months) from the original sale to close on one or more replacement properties

Qualified Intermediaries – Proceeds from the original sale cannot go directly to the client. Investors must use a Qualified Intermediary. Commonwealth does not maintain a list of recommended Qualified Intermediaries.

Suitability Questionnaire – Each 1031 exchange transaction processed through Commonwealth must first be approved by one of our principals. We ask that advisors considering one of these products fill out our [1031 Exchange Suitability Review Questionnaire](#) on COMMunity Link. Ideally, this should be done at the beginning of the process, so that we can address any potential issues sooner rather than later.

Marketing Materials – Due to the nature of these products, they don't typically have fact sheets or brochures available. In order to share information about individual offerings with a client, we need to obtain the offering memorandum directly from the sponsor.

1031 Exchange Offering Platform – Please be aware that the offering platform is constantly changing, with existing offerings closing and new offerings coming to market. It is impossible to project what products will be available in the future. Commonwealth works to provide suitable products for suitable demand.

1031 Exchange Resources – While information on 1031 exchanges can be sparse, we have some resources available on COMMunity Link that may be helpful:

- [1031 Exchange Offerings Basics Page](#)
- [1031 Exchange FAQs](#)
- [1031 Exchange Suitability Review Form](#)
- Client-approved piece: [Deferring Gains Through 1031 Exchanges](#)

