



Learners Guide

Welcome to Introduction to Opportunity Zone Investments – Part I

An overview and introduction to opportunity zone investments. Topics covered include the rules and regulations of Qualified Opportunity Funds (QOF) and Qualified Opportunity Zones (QOZ) as well as how to invest in QOFs and QOZs. Additional topics covered include QOF Funds and Subfunds as well as statistics on the gentrification and Opportunity Zones.

Throughout the course, Connect Classroom has created course content, which encourages ongoing conversations rather than rote memorization. Enjoy listening to panel conversations about topics relevant to your work.

CE Credit: 1 hour

Written section length: 1 hour

Estimated time to complete course: 1.5 hours

Disclaimer Statement

This course is approved for continuing education credit by the California Department of Real Estate. However, this approval does not constitute an endorsement of the views or opinions which are expressed by the course sponsor, instructors, authors, or lecturers.

INSTRUCTORS

- Daniel Cenicerros – Founder and CEO, Connect Commercial Real Estate

LESSON 1: INTRODUCTION – OPPORTUNITY ZONES

EST. Time: 15 minutes

Lesson 1: Key Points

- The concept of Opportunity Zones was hatched in early 2017 by Senators Tim Scott and Cory Booker as a way to propel economic development in what the Internal Revenue Service calls “distressed areas.”
- Opportunity Zone investments are primarily a way for investors to defer capital gains taxes for a period of time.
- A real-estate investor does not invest directly in the property, but instead invests in the Qualified Opportunity Fund (QOF), which determines the properties it will fund.

Lesson 1: Overview

Opportunity Zones have been a hot-button topic in the real estate investment world for the past several months. The action has heated up even more since October 2018, when the U.S. Treasury Department provided some clarity on the rules by which Opportunity Zone investments can be made – one of which extracted a big sigh of relief among potential investors and developers.

LESSON 2: ABCS OF OPPORTUNITY ZONES

EST. Time: 15 minutes

Lesson 2: Key Points

- What is a Qualified Opportunity Zone?
- What is a Qualified Opportunity Fund?
- How does a corporation or partnership become a QOF?
- What can a QOF invest in?
- What is a QOZ-qualified business?
- What businesses do not qualify?

Lesson 2: Overview

In 2018, state officials designated areas under the poverty level, that required gentrification. Congress evaluated these selections, approving approximately 8,700 zone areas throughout the country. A QOF is a corporation or partnership that invests in a QOZ, and can include LLCs taxed as partnerships. Any gain taxed as a capital gain generated from a sale with an unrelated party qualifies. If you invest the equivalent amount of any capital gain in a QOF, the investment will qualify. Keep in mind that if you invest only part of your gain, then that is the amount that will qualify for the benefits.

LESSON 3: WHERE ARE OPPORTUNITY ZONES?

EST. Time: 15 minutes

Lesson 3: Key Points

- Qualified Opportunity Zones are mostly located in urban areas, although around one-quarter are in rural locations.
- Not all Opportunity Zones are created equal. While location analysis and site selection for new investment projects is a complex task even under typical circumstances, locating an Opportunity Zone investment can be more challenging.
- There are 8,700 designated Opportunity Zones in the United States.

Lesson 3: Overview

Qualified Opportunity Zones – recommended by the governors of each state and certified by the federal government – **are mostly in urban areas, though about one-quarter are in rural locations.** They are available in all 50 states, the District of Columbia, Puerto Rico and

other U.S. territories.

LESSON 4: INVESTING IN QOZS

EST. Time: 15 minutes

Lesson 4: Key Points

- An overview of the process for investing in QOZ's
- Even though Opportunity Zones' designations are slated to expire at the end of 2028, investors can keep the investment with full tax breaks through 2047.
- On April 17, 2019 the U.S. Department of the Treasury issued its second round of guidance for the Opportunity Zones program. The latest information helped clarify some issues connected with the program.
- One important clarified issue focused on a Qualified Opportunity Fund's asset sale while another clarification involved tax benefits for refinancing proceeds and secondary market purchase.

Lesson 4: Overview

Another difference between QOZ investments and direct real estate investments is two timing elements. "First, the investor must invest the capital gain (into a QOF) within 180 days of when the gain occurred. Then, the investment itself needs to meet certain requirements.

FINAL EXAM

Please complete the following exam to receive full continuing education credit. You will be able to take the exam twice and must have a 70% score to pass.

While taking this exam, please ensure that you are in a private room to avoid distraction with a stable wi-fi connection. Once you begin the exam you will be unable to pause it or restart it. If you do not pass within 1 attempt, the course will need to be retaken.

Once you have successfully passed the course exam, you will be directed click a button to continue on to receive your certificate.

Before the learner can download their certificate, they must verify the following information:

I, NAME, certify and ensure that by written statement signed under penalty of perjury that the participant enrolled is the person completing the course.

First Name:

Last Name:

State Recognized ID:

Professional License Number:

If any of this information is missing or incorrect – STOP NOW! – and click the “**Update Information**” button.

This is important as it’ll be used on your certificate!

A pop-up dialog box will give the learner an opportunity to correct erroneous information or add in missing information. When all of the information has been updated, click “**Update**” button. Finally click the “**I Confirm My Details Are Correct**” button to return to the Course home page. The course certification will be available to download from the top of the page.

Thank you for completing the Connect Classroom Introduction to Opportunity Zone Investments – Part I Course!