

# Commercial Notes

THE ACHTERMANN COMMERCIAL  
LENDING GROUP LLC

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## Your 1031 Exchange - Part One

The following is a reprint of "1031 Exchange Handbook" created and made available by Investment Exchange Group of Denver Colorado. You can contact them directly by calling Drew McCabe at 800.908.1031

This series of articles will help simplify and clarify terminology common in the industry. The next time a client asks the question, "Can I do a 1031 Exchange?" you will have a reference guide. Title requirement, exchange wording, and explanations of reverse, construction and improvement exchanges will be covered in this series of articles.

Investment Exchange Group is a nation-wide qualified intermediary specializ-

ing in all type of 1031 tax deferred exchanges. Their team of professionals will prepare the documents necessary to complete your exchange and properly comply with Section 1031 tax law.

This series will be in the form of questions and answers.

### How to determine whether your real estate sale could be a 1031 Exchange?

1. What did you do with the property you are selling? Did you rent it out, run your business out of it, lease it or is it raw land? **As long as it is not your primary residence, it is a viable 1031 property.**
2. What are you going to do with the money resulting from the sale? **If you want to reinvest in**



real estate, you new property will most likely qualify for a 1031 Exchange.

The first requirement for a 1031 Exchange is that the property being sold and the new property be like-kind. Like-kind relates to the use of the properties. Any property used to produce income qualifies as "like-kind" to

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Rates Currently Available through  
The Achtermann Commercial

Lending Group LLC

Minimum Loan \$500,000

Max \$5,000,000

NO BALLOONS!

25 - 30 years amortization and term.

80% MAX Loan-to-Value,  
with Fixed period options  
from 1 to 15 years.

*(Add 0.15% to loans over 75% LTV)*

Rate	Fixed Period	Am/Term
5.75%	6 Mo. ARM	30/30
7.17%	3 Year	30/30
7.04%	5 Year	30/30
7.07%	7 Year	30/30
7.00%	10 Year	30/30
7.55%	15 Year	15/15

## MARKET INTEREST RATES

Bank Prime Rate		1 Year CMT (Treasuries)		5 Year CMT (Treasuries)	
09/28/05	6.75%	09/30/05	3.97%	09/30/05	4.13%
11/09/05	7.00%	11/11/05	4.35%	11/11/05	4.62%
12/21/05	7.25%	12/23/05	4.37%	12/23/05	4.38%
02/08/06	7.50%	02/10/06	4.67%	02/10/06	4.54%
04/05/06	7.75%	04/07/06	4.85%	04/07/06	4.84%
05/10/06	8.00%	05/10/06	5.02%	05/10/06	5.03%
06/09/06	8.00%	06/09/06	5.05%	06/09/06	4.95%

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## Your 1031 Exchange Part One

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other income producing property. In general, it makes no difference what the use was, as long as it wasn't your primary residence.

**Example 1:** Sam and Jane own a duplex they bought in 1982 and have rented it to various tenants. They want to sell it and buy a condo on the beach to rent to others and use a bit themselves.

Does it qualify for a 1031 Exchange?

**YES.** Both are held for income or investment purposes.

**Example 2:** James is a dentist, owns an office building that he leases to other dentists. Can he exchange the building for a piece of raw land on which to build an apartment building?

Does it qualify for a 1031 Exchange?

**Yes.** Investment property can always be exchanged for raw land held for income or investment purposes.

**Example 3:** Joe owns a barber shop business, but he leases the building

which houses his business. He wants to retire and sell his business and buy a cabin in the mountains with the proceeds.

Does it qualify for a 1031 Exchange?

**NO.** Because Joe does not own the real estate. He cannot do a 1031 exchange by selling his business, which is not real estate and buying real estate to replace it.

Future 1031 Exchange information will cover:

- The 45 day identification rule
- The 180 day rule
- Qualified intermediary
- Title requirements
- Equal or up investment
- Common ownership problems
- Refinancing 1031 property
- Owner carry financing in 1031 Exchanges
- Reverse Exchanges

The Achtermann Commercial Lending Group, LLC focuses on the following types of properties:

- Multi family apartment complexes, 5 units and greater
- Mixed use apartment properties
- Owner occupied office space
- Retail strip shopping centers
- Auto service buildings
- Special purpose buildings
- Flagged hotel and motels

In addition, we are able to assist with the financing of equipment with a 100% leasing program for the transaction that involves the purchase of real estate and business assets.

We are able to present the borrower with various types of financing options. We have banks and other lenders willing to structure loans as:

- Full documentation mortgage loans
- No income verification mortgage loan
- Small Business Administration real estate and equipment loan

We are able to secure financing for loan from \$100,000 to \$10,000,000. For most loans we will be able to give a conditional commitment within 72 hours of the borrower's initial application.

I am looking forward to assisting you in closing the deal!

*Marvin D. Achtermann*

- Construction Exchanges
- Improvement Exchanges

The information preceding information is given as a guide and should not be considered legal advice. In any real estate transaction, appropriated legal counsel is recommended.

