

Commercial Notes

THE ACHTERMANN COMMERCIAL
LENDING GROUP LLC

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Your 1031 Exchange - Part Two

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

The 45-day Identification Rule

The Internal Revenue Code requires that you identify your potential new (replacement) properties within 45 days of the closing on the sale of the old property. The 45 days are calendar days, so if the 45th day is Sunday, Christmas, or the 4th of July, that day is still the deadline for identification of new properties. There are no extensions allowed. There are two

ways to comply with the 45-day identification requirement. The first way is to have already purchased your new property. If you use all your money from the sale (your exchange proceeds), your exchange is complete at that point.

In the event you have not closed on a new property and spent all the money within 45 days, you must identify your new property. By mid-night of the 45th day, you must compile a list of properties that you are thinking about purchasing to replace the property you just sold. The list must be specific: it must show the property address, the legal description, or other means of specific identification. This identification list must be presented to your qualified



intermediary before the deadline.

You can identify up to three potential new properties without regard to their cost. If you wish to identify more than three potential replacements, however, the IRS requires that the total value of everything identified be less than double the value of the property you sold. This is called the 200% rule. You may identify more than three possible replacements, but be aware of the 200% rule.

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Rates Currently Available through
The Achtermann Commercial
Lending Group LLC
Minimum Loan \$500,000
Max \$5,000,000
NO BALLOONSI

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)

DSC ratio 1.20 times

<u>Rate</u>	<u>Fixed</u> <u>Period</u>	<u>Am/Term</u>
7.61%	3 years	30/30
7.77%	5 years	30/30
7.64%	7 years	30/30
7.13%	10 years	30/30
7.96%	15 years	15/15

MARKET INTEREST RATES

Bank Prime Rate		1 Year CMT (Treasuries)		5 Year CMT (Treasuries)	
11/09/05	7.00%	04/07/06	4.85%	04/07/06	4.84%
12/21/05	7.25%	05/10/06	5.02%	05/10/06	5.03%
02/08/06	7.50%	06/09/06	5.05%	06/09/06	4.95%
04/05/06	7.75%	06/19/06	5.23%	06/19/06	5.12%
05/10/06	8.00%	06/23/06	5.27%	06/23/06	5.21%
06/09/06	8.00%	07/05/06	5.29%	07/05/06	5.19%
07/20/06	8.25%	07/20/06	5.28%	07/20/06	5.13%

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Your 1031 Exchange Part Two

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The 180-day Rule

Section 1031 requires that you purchase one or more of the new properties by the 180th day after the closing of the old property. You must purchase one or more properties listed on your 45-day identification list. You cannot buy a new property not listed.

Example

Brad identified a condo under construction within 45 days of his sale, but now the builder tells him it won't be completed and ready to close within the 180 day period. If Brad cannot close within 180 days, his exchange will fail.

Qualified Intermediary

The fourth requirement of Section 1031 Exchanges is that you must use a qualified Intermediary (QI). The QI cannot be someone with whom you have had a business or family relationship. Thus, for example, your attorney, accountant, or brother are all disqualified. You must

use an independent organization whose only contact with you is to serve as the QI. The QI prepares the exchange documents, holds the cash proceeds from the sale, and should answer any questions you may have during the exchange. The QI must hold your proceeds from the sale of the property in order to have the transaction qualify as a 1031 Exchange. If you have actual or even constructive possession of the proceeds (i.e., control of the money without actual possession), the transaction is taxable to you. If and when you determine that you want to undertake a 1031 Exchange, you must involve the QI prior to the closing on your sale property.

Future 1031 Exchange information will cover:

- Equal or up investment
- Common ownership problems
- Refinancing 1031 property

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
- 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
- SBA 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!

Marwin D. Achtermann

FYI

- ◆ If you would like to have a copy of "Your 1031 Exchange Part One", please e-mail me and I will sent you a copy in PDF format
- ◆ If you would like to unsubscribe to this newsletter, just E-mail me stating "please remove my name".

- Owner carry financing in 1031 Exchanges
- Reverse Exchanges
- Construction Exchanges
- Improvement Exchanges

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

Recent Closed Deals:

- \$1,200,000 construction permanent mortgage
- \$1,320,000 refinance day care center

