

# Commercial Notes

THE ACHTERMANN COMMERCIAL  
LENDING GROUP LLC

Volume 1, Issue 4

Newsletter Date September 15th, 2006



## Your 1031 Exchange - The Part Four How to select a Qualified Intermediary

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, 800.908.1031

### How to Select a Qualified Intermediary

There are no licensing requirements for QIs, and few regulations on who can serve as one. Therefore, it is crucial to select a QI with professional credentials and extensive



experience.

### Documentation

The QI is responsible for putting the documentation in place to qualify your transaction as a 1031 Exchange. That documentation must be in place before the closing on the sale property. There are typically three documents the QI will provide: the exchange agreement, an assignment, and a notice.

The exchange agreement is a contract between you and the QI that sets out the rules you must follow in order to complete the 1031 Exchange.

The assignment of the sales contract to the QI must also be in place. This is because, theoretically, the Qualified Intermediary steps into your shoes and sells the property for you. Remember that you cannot have control of the proceeds or the actual receipt of the money. The assignment allows the QI to receive the proceeds for you.

The third document the QI will provide is a notice to the party on the other side of the transaction advising that the transaction is a 1031 Exchange. The purpose of notification to the other party is to prove

*(continued on page 2)*

### Inside this issue:

1031 Exchange Part 4	1
Prime Rate	1
Treasury Rates	1
About Us	2
1031 Part 4 Continued	2
5 year CMT graph	2

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]

DSC ratio 1.20 times

Rate	Fixed Period	Am/Term
------	-----------------	---------

7.030%	3 years	30/30
6.980%	5 years	30/30
7.300%	7 years	30/30
7.000%	10 years	30/30
7.420%	15 years	15/15

## MARKET INTEREST RATES

### Bank Prime Rate

12/21/05	7.25%
02/08/06	7.50%
04/05/06	7.75%
05/10/06	8.00%
06/09/06	8.00%
07/20/06	8.25%
09/13/06	8.25%

### 1 Year CMT (Treasuries)

06/09/06	5.05%
06/19/06	5.23%
06/23/06	5.27%
07/05/06	5.29%
07/20/06	5.28%
08/16/06	5.06%
09/13/06	4.99%

### 5 Year CMT (Treasuries)

06/09/06	4.95%
06/19/06	5.12%
06/23/06	5.21%
07/05/06	5.19%
07/20/06	5.13%
08/16/06	4.81%
09/13/06	4.70%

The Achtermann Commercial Lending Group, LLC  
1545 Bethel Road Suite 102  
Columbus, OH 43220-2011  
Phone: 614.442.7512  
Fax: 614.442.7513  
E-mail: [Machtermann@insight.rr.com](mailto:Machtermann@insight.rr.com)



## Your 1031 Exchange the Part Four

(Continued from page 1)

that the exchange was in place at closing.

### Security of Funds

Insist that your QI is bonded for exchange transactions for at least \$5 million per transaction. In addition, your QI should pay you interest on your proceeds while the QI holds them.

### Member of FEA

Verify they are active members of the Federation of Exchange Accommodators (**FEA**), the only national organization for Qualified Intermediaries.

### Professionalism

Expect your QI to answer questions about your exchange at no charge to you. Your QI should have real estate, tax, and legal professionals on staff, ready and able to answer even the most complex 1031 questions. Questions to ask of a prospective QI include:

#### ◆ Does the QI stand behind their exchanges?

Ask the prospective QI if they will make you sign a hold harmless agreement that says you cannot sue them if they make a mistake that results in your exchange being disallowed. If they require that you sign such an agreement, and many do, find a different QI.

#### ◆ Does your QI provide audit protection?

What happens if your exchange is audited? Section 1031 is a complicated code section with many exacting and detailed requirements. Will your QI help you navigate your way through an audit? If so, are they willing to document their commitment in writing? Is there any cost for this audit protection?



#### ◆ How are the QI's fees structured?

Many QI charge a front-end fee when you sell your old property and an additional back-end fee when you buy your new property. Some also charge an additional set-up fee and some charge a monthly holding fee. You may only be quoted the front-end fee when you inquire. Make sure you understand the total costs of your exchange.

The Achtermann Lending Group, LLC focuses on financing 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 transactions. 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 Letter of Interest within 48 hours of the borrower's initial application.

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

*Marvin D. Achtermann*

The complete handbook on section 1031 is available by e-mail request. Just e-mail [Machtermann@insight.rr.com](mailto:Machtermann@insight.rr.com) requesting a copy and I will e-mail the entire PDF document. to you.



#### ◆ Who earns interest on the exchange funds?

In most cases, it is the QI. Remember to factor the interest earned by the money into the transaction when you calculate the total exchange cost. If you earn the interest, make sure that you begin to earn interest the moment your funds hit the QI's account.



The 5th edition and final edition of 1031 Exchanges will cover **Advanced Issues Involving Exchanging**.

