

# Commercial Data Exchange

www.commercialdataexchange.com

September/October 2010 Issue #10

7232 Balboa Blvd., Van Nuys

## A NETWORKING MEETING

For those who are **new** to our meetings, we want to welcome you and explain why we limit the Power Point presentations to properties over \$1,000,000. This is solely in the interest of time, we know you are all on heavy schedules. and time is precious. Arnie Garfinkel at All Star Group, is our Power Point guru, and he can be reached at 323-728-7700.

**Meeting Day:** Yes, we did change, it is now on the 1st Tuesday of every month. Next meeting will be October 5, at 8:00 am. We did this so as not to conflict with the other Commercial Networking Meeting.

**Dennis Dishaw** started the meeting as usual with an update on Commercial Property as a whole. Dennis heads up our subcommittee on Marketing, and is President of ACI Capital, Inc. Dennis started off with news we really did not want to hear, that sales of commercial property in Los Angeles was off 51% from the prior year. His remarks continued in a dire frame, but it could all change if the political landscape changes.

The Commercial Data Exchange Meeting has been changed to the 1st Tuesday of every month at the

**Encino Glen Golf Course Restaurant**  
**16821 Burbank Blvd.**  
(←see comments )



Our distinguished speaker, Steven A. Hoffer is a CPA with the firm of Neiman, Kornblum, Farkas & Hoffer, located at 13245 Riverside Drive, #300, Sherman Oaks. Phone: 818-907-0851

**STEVEN HOFFER** gave a mini Estate Tax Seminar, for the years 2010 and 2011. In other words he threw a lot of great information at us, in a very short time. He was asked to summarize his remarks for this publication.

**2010 Repeal of Estate Tax** Step-up for Income Tax Adjustments for Carryover basis. Additional carryover basis —spouse.

**2011 Estate Tax—in present form.** Potential changes by Congress to 2011 Estate Tax. **Use of LLCs & Family Limited Partnerships in estate planning & wealth transfers.** Valuation discounts.

**Legislation enacted in June 2001 repeals the estate tax for estate of decedents dying in 2010.** Adjustments to Carryover basis for Income Tax.

The estate can step up a total of \$1.3 million in basis.

**Particular amount can be allocated to a specific property.** Additional step up can be derived from unused capital losses & unused net operating losses. Property left to a spouse can be stepped up by

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# INTEREST RATE INDEX FOR COMMERCIAL REAL ESTATE

Rates effective September 29, 2010

*Arnie Garfinkel 323-728-7700*

[www.incomepropertylending.com](http://www.incomepropertylending.com)

Index	Prime	C.O.F.I.	12 MAT	6 mo. LIBOR	30 yr Treasury	10 yr Treasury	7 yr Treasury	5 yr Treasury
Rate	3.25%	1.753%	0.353%	0.464%	3.79%	2.61%	1.98%	1.35%

Steven Hoffer, cont'd

an additional \$3 million. Adjustments to Carryover basis for Income Tax. **The carryover basis will be adjusted downward if the decedent's basis was higher than fair market value. Basis can not be increased above its fair market value. Some property is not eligible for the basis adjustment.** Generally - property acquired as a gift within 3 years of death. **Estates of those dying in 2011 or beyond will pay up to a 55-percent rate on estates over \$3 million.** Applicable exclusion amount is \$1 million. **Unified Credit is \$345,800.** The effect of the resurrection of other estate tax rules in 2011 due to the application of this sunset rule is not clear. **Two scenarios have been suggested.** Applicable exclusion amount equaling \$3.5 million, **Top tax rate of 45%.** Applicable exclusion amount equaling \$5 million. **Top tax rate of 35%. Use of LLCs & Family Limited Partnerships in estate planning & wealth transfers.** Valuation discounts (minority and marketability discounts) for non-business assets. **Estate tax prior to 2010.** Willing buyer would not pay as much for a minority interest as

## MEETING SPONSORS

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he or she would for a controlling interest. The transferee cannot easily sell his or her interest in this family entity on an open market. **H.R. Bill 436 & March 2010 budget report (Joint Committee on Taxation)** Eliminate minority marketability discounts "non business" assets." The bill proposes that a new code section be enacted that would define non-business assets. **Marketable securities, cash and cash equivalents, debt instruments, commodities,**

collectibles, certain royalty-producing assets, and real estate activities where there is not material participation by the transferor.

Steven A. Hoffer

## Commercial Educational Meetings & Classes at Southland Regional Association of Realtors

**11/03/10 9:00-12 NOON \$25.00**  
 Analyzing Investment Real Estate. Investment analysis techniques, discounted cash flow analysis, capital gains, etc

**11/16/10 8:30 -9:30 AM FREE**  
 Speaker: David Newman, CPA  
 What does 2011 tax year have in store, capital gains, estate taxes, etc.

There is going to be a series of 13 classes on Commercial Real Estate, held on various dates. There will be a \$25.00 charge for each class. They are normally held between 9:00 AM—NOON. For more information call

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 818-701-7789

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