

## Case Study



### Rockwell Automation (Baldor Electric) Flowery Branch, Georgia 1031 Exchange

Pamela L. Bertovich represented the client in need of a 1031 Exchange to be completed in early 2009. The size of the transaction had to be in the \$7.5 to \$8 million dollar range. The Client preferred a NNN single credit Tenant and assumable financing for this transaction. A good location that had the potential for future growth was also important.

#### CHALLENGES

- The Buyer's requirement was to purchase a property in the southern portion of the country.
- An offer was made and accepted at the asking price, however during the due diligence period it was discovered that a six acre portion of the land actually belonged to the Tenant.
- Upon review of the Lease, it was uncovered that Baldor Electric could assign the Lease to a third party, making the Rockwell Automation Guarantee invalid.
- Assumable financing was available through the current lender however their process included a special servicer and over 90 days for the review and approval process.

#### RESULTS

- Pamela L. Bertovich was able to locate an ideal property for the Client in Flowery Branch, Georgia, utilizing the internet and focusing on NNN properties.
- Buyer and Seller agreed to a minimal price reduction to allow for the actual land available in the sale.
- A revised Corporate Guarantee from Rockwell Automation was agreed to and executed. In addition, The Buyer secured a Tenant Estoppel from Baldor Electric confirming the terms of the Lease.
- The Buyer provided personal and business credit references and audited financial information in a timely manner allowing for the assumption of the loan.
- The 1031 Exchange was completed in the timeframe needed, allowing the Client to add another valuable asset to his real estate portfolio.

