CLARION [Klar'i-on] *adj.* brilliantly clear; loud and clear
(A clarion call to action)

ClearView Wealth Management

The Clarion

COVER STORY

1031/Exchanges Into TICs/DSTs Poised For A Comeback

Huge Backlog Of Investors Ready To Sell Their Rental Properties

It has been a long two and one half years since this latest recession began, maybe the deepest, broadest and worst recession since the Great Depression. Economists and pundits point to any number of factors that caused this recession, but most seem to agree one major cause was an over supply of money due to highly questionable lending practices by financial institutions, conduit lenders and community banks. Just as the lenders are thought by many to have been a leading cause of the recession, we are all waiting anxiously for them to start lending again to get our consumer-based economy back on track and end this recession.

Waiting in the wings are tens of thousands of landlords ready to sell their rental properties and 1031/exchange into TICs/DST. These structures still offer the best solution for landlords tired of property management who want to defer taxes due at sale on capital gains and depreciation recapture, and for many, potentially increase their monthly income, while transitioning to a more comfortable life style.

This recession has touched all of us. We have all lost value in our real estate holdings; 30-45% according to some reports. But values are increasing now, and when kindled by inflation, landlords will soon seek to take advantage of the opportunity to raise rates, increase profitability and sell/1031 into an up market. That makes perfect sense. That is how profit is made in the investment property business.

The result is great on the one hand; sold the property for a fair price and in an up market. On the other hand, the opportunity may not be as great. Given only 45 days to select your replacement property, it is highly likely you will be buying into a new property purchased in the current market. In other words, when we sell low we buy low and when we sell high we also buy high. Our best advice, try to buy low and sell high whenever possible, which generally requires holding and managing investment properties through a couple of real estate cycles.

This recession has been tough on real estate and TICs/DSTs took their share of lumps along with the rest of the market. But in general, most TICs/DSTs are Class A real estate which held its value better than any other asset class during this recession. Better locations, better tenants, higher quality materials and professional property management

Client Corner

ClearView Wealth Management provides a broad array of financial services to individuals, families and businesses focusing on three key areas: Asset Allocation and Diversification in Non-Correlated Investments, Financial and Estate Planning and Tax Advantaged Investments.

We would like to congratulate the following new and returning clients who invested in one or more products in April & May as well as those that requested not to be listed.

Arleigh & Diane Kerr
Ravi Khanna
Carol Sanford
Calvin & Marge Wang

Financial Services

- Tenant-in-Common Real Estate
- Delaware Statutory Trust
- Natural Gas & Oil Investments
- Managed Money
- Notes & Debentures
- Equipment Leasing
- Real Estate Funds
- Managed Futures
- Fixed Income
- Mutual Funds
- Annuities
- Cash Management Funds
- Life Insurance

COVER STORY
(CONTINUED FROM PAGE 1)

all contributed to help Class A real estate do a pretty good job of holding on to value in down markets.

Now is a great time to buy Class A, investment-grade real estate as this recession recovery continues. TICs/DSTs are being purchased at current market values and come with financing at today's rates. If we are at or near the bottom of the real estate market, then this could be the best time for years to come to buy investment grade real estate. It is this fact alone that makes it a good time to invest: because we can now buy low!

We see many signs that banks are finally starting to lend again. (Please see "Call Me for a Loan", pg. 7) Once the banking industry begins to compete again in the lending business, buyers will return and landlords will sell/1031 their properties into TICs/DSTs.

Class "A" TIC/DST properties in most asset classes are available as 1031/exchange options for our clients provided through our Broker/Dealer, Pacific West Securities. PPMs are available to accredited investors. Please read the PPM carefully for an explanation of potential risks and benefits associated with the investment.

CLEARVIEW NEWS

Happy Trails to Melissa Andrews!

We regret to advise you that our long-term Director of Client Relations, Melissa Andrews, has moved to Tennessee. She purchased a new country home in the hills outside of Nashville with a barn and tack room for her horse. Her parents retired to Tennessee a couple of years ago, near Melissa's new home.

For the last five years Melissa has provided outstanding service to our clients, drawing upon her 20 plus years in the U.S. Navy where she retired as a Commander. In the future, please call Leslie Cannon or Kathy Lindeke to assist you with any matters previously handled by Melissa.

Melissa was a valued and trusted member of our firm and she will be missed by all. She hopes to stay licensed through Pacific West Securities as we look for ways she can remain associated with ClearView. So, you never know, you may be talking with her again one day soon!

Many Changes Are Coming

Take Advantage of Certainty While You Can

Bob Cannon, President/CEO

Change is inevitable, it happens every day. When I was a kid on the farm my grandfather would often say the best farmers always take advantage of certainty whenever possible because certainty doesn't happen very often. It appears to me Congress is going to make significant changes to the tax code this year and/or next might bring new and higher taxes. It appears local, state and federal governments are all looking at ways to generate new and additional tax revenues. Many tax benefits and rates we enjoy today may soon be gone.

If you agree, then you should consider taking advantage of the current tax benefits and tax rates you feel are more favorable now than they may be in a year or two. Sell highly-appreciated assets now while long-term capital gain rates are low or, if you are selling investment property, do a 1031 Exchange/ DST while you are certain this benefit is still available. Real estate offers investors many tax advantages, but energy gives investors even more. At least for now. Reduce your taxable income this year and next by investing in energy. Take advantage of the opportunity to convert your IRA into a ROTH IRA this year and next while the special tax benefits apply. Move now to take advantage of the currently low mortgage rates, even on jumbo home loans. If you think inflation is coming in the months or years ahead, then you should consider investing in hard assets that historically appreciate in value in times of inflation like gas and oil, DSTs, REITs, real estate funds and equipment leasing.

For the last two years this recession has been very tough on families, sole-supporters, and businesses, large and small. But it has also been especially tough on all levels of government. They must tax in order to spend. When there is not enough money available from current taxation, they create new taxes or they raise taxes, they create debt through bonds and treasuries and/or, at the federal level, they print new money.

Now is the time to take advantage of the certainty that is the current tax law. If you have been considering formulating an estate plan to reduce or eliminate estate taxes, investing for retirement in tax-advantaged instruments, completing a living trust, or investing in our platform of alternative investments for accredited investors, do so now while there is certainty you can. Congress is considering changing many of the laws that provide you with these benefits. There is no way to accurately predict what Congress will do, but change is coming. Now is the time to take advantage of certainty – the laws currently on the books you feel most benefit you.

Charitable Remainder Trusts

Killing Several Birds with One Stone

In planning for your retirement, you may face several financial issues. Maybe you'd like to generate retirement income, but don't want to pay capital gains tax on investments you've held for several years. Perhaps you'd like to minimize your income taxes during retirement. You also might like to reduce the size of your taxable estate so more of your money goes to your heirs. Finally, you may wish to create a legacy or support a cause, church or charity that is close to your heart.

A Charitable Remainder Trust may help you realize all these objectives.

How does a CRT work?

A CRT is a tax-exempt irrevocable trust. You can transfer cash and highly appreciated assets to the trust, and in return, you may arrange to receive income for life or a specified stretch of time (not to exceed 20 years). Income may potentially be paid out of the CRT not only during your lifetime, but also over the lifetimes of your heirs. Eventually, a percentage of the assets in the CRT go to charities or non-profits of your choice.[1]

In brief, the CRT gives you a chance to

- gain a current income tax deduction
- avoid estate taxes on the gifted assets
- create an income stream
- achieve tax-free compounding of assets (until withdrawn from the CRT)
- sell assets with a low cost basis without incurring capital gains taxes[2]

The transfer of assets to a CRT qualifies as a charitable contribution, thereby allowing you to take an income tax deduction based upon the estimated present value of the remainder interest that will eventually go to charity.[1]

As a CRT is an irrevocable trust, assets transferred into it are no longer included in your taxable estate – though you do retain an interest in the gift or transfer.[3]

A CRT does have some disadvantages.

The word to keep in mind here is "irrevocable." When you set up a CRT, you are signaling to the Internal Revenue Service that those assets will have one of two destinies. Either they will go to your heirs and charity when you die, or you will withdraw them before you die and pay the resulting taxes on the withdrawal. In the meantime, you need to make sure that you have enough money outside the trust to provide for any needs you may have.

A second disadvantage in using a CRT is that the income tax deduction for charitable giving does have limits. These limits may prevent the entire amount from being used to lower your income tax.

What about your heirs?

On the surface, a CRT would seem to present a family with one huge disadvantage. After all, it tells the IRS that you plan to leave a bunch of your money to charity – and that money is also removed from your estate.

So the question naturally comes up: "If I do this, am I going to disinherit my kids?"

There's a way around that.

A good CRT strategy actually involves two trusts. Besides the CRT, you can set up a parallel wealth replacement trust funded with life insurance.

Through this irrevocable life insurance trust, your heirs may receive a proper inheritance. The wealth replacement trust is ideally administered so that its death benefit is at least equal to the value of the gifted assets. So when you pass away, the CRT transfers its assets to charities and your heirs receive tax-free life insurance proceeds.[3,4]

(CONTINUED ON PAGE 7)

Leasing:

Equipment Leasing

How many companies can you identify that can operate without equipment? The answer may help explain why equipment leasing is a huge business in the United States and around the world.

Leasing offers businesses an alternative to purchasing hard assets, especially items that are extremely expensive, such as airplanes or railroad cars, or those that may become obsolete within a relatively short period, such as medical equipment or office equipment.

As an investor, you have the opportunity through a direct participation program (DPP) to put money into the equipment that is being leased and benefit from the steady income the leases generate. Direct participation in a leasing program may also be a good fit if you have a portfolio of more traditional investments because leases tend to react differently than stocks and bonds to changes in the economy and can help insulate you from market fluctuations.

The terms of a leasing deal are spelled out in a contract signed by the equipment provider, called the lessor, and the equipment user, called the lessee. The contract generally provides that the leased item will be returned in good condition. Then the lessor either sells it or re-leases it to a different lessee. Some contracts, though, give the lessee an option to purchase the equipment, usually when the lease ends, or to renew at a favorable rate.

Companies lease equipment instead of buying it for several reasons. Capital intensive industries - airlines, utilities, railroads, transit authorities, factories, shipping and healthcare facilities - may find that purchase prices are prohibitive even though they need the equipment. Or they may own some of the equipment they need and lease the rest to conserve cash.

Leasing also gives a company greater flexibility in meeting its capital commitments in times when it’s difficult to forecast business volume. And, unlike bank loans, lease obligations don’t appear as debt on a company’s financial statements. That can be helpful as major debt can make a company less attractive to investors.

When a DPP sponsor forms an equipment leasing company, it issues an investment policy statement, or prospectus, that details the business plan, including the types and categories of equipment the company plans to lease. The document also describes the equipment assets and business plans of the sponsor’s earlier leasing programs. Prior experience is one of the key criteria you can use to evaluate an investment in a new leasing program.

As the leasing company begins operations, it pools investments from hundreds or thousands of participants and uses the money to buy the equipment it will lease. When you invest,

(CONTINUED ON PAGE 6)

you generally don't know in advance exactly what equipment the company will be offering. But most equipment leasing DPPs invest in a wide range of equipment types to achieve the greatest possible diversification and limit the risk of concentrating in a limited number of sectors or industries. Although diversification can reduce risks that are unique to a specific company or investment, it cannot eliminate market risk.

One of the appeals of a direct leasing program is that they are designed to provide you and other participants a steady stream of rental income from the leased equipment. In most cases there is also potential to realize additional income from re-leasing or selling the equipment at the end of the lease term.

In addition, they are structured to take advantage of accelerated depreciations and tax benefits. Usually, you can write off your share of the cost of the equipment at a relatively fast rate, offsetting income if realized in the early years of the program and reducing your tax bill.

That situation changes, however, as the leases mature and the equipment is sold. While there continues to be potential to collect income, an increasingly larger percentage of that income is taxed at your regular rate.

A diversified leasing program can be an attractive long-term investment, though it may also expose you to certain investment risks. On the plus side, the fact that the program is not traded can help insulate your portfolio from market volatility. When lessees make regular payments, the leases provide a steady stream of income. And because hard assets are involved, if a lessee doesn't pay, the equipment can be reclaimed and then re-leased or sold.

On the risk side, there are costs involved in terminating leases and retrieving hard assets that can disrupt and reduce cash flow. That may be especially true in the case of lessee bankruptcy. Further, it may be difficult to re-lease or sell retrieved equipment, especially if it is outdated or has been misused.

Equipment leasing can serve as a hedge against both inflation and recession. In inflationary periods, the hard assets from expiring leases may be resold at a higher price and exceed expected yields. During recessions, companies typically defer new equipment purchases in favor of holding onto leased equipment, so lease renewals may increase.

In addition, when interest rates are low, equipment leasing programs may be an attractive substitute for fixed-income securities - though they are likely to be significantly more difficult to liquidate than bonds or other interest-bearing investments.

There are risk associated with investment in equipment leasing which include, but are not limited to: lessee defaults on the lease payments; risk of leverage; lack of portfolio diversification; general market or economic conditions; redemption at more or less than the original amount invested; lack of liquidity-no public trading market

To learn more about equipment leasing programs we have available through our broker/dealer, Pacific West Securities, please contact us at (866) 557-1031.

FEATURE

Call Us For A Loan

Finally, Banks Are Lending Again

Maybe the most important piece to getting our economy going again appears to be ready to return to the marketplace. And it is long over due. This is a consumer driven economy and once the banks and financial institutions become fully engaged in the competitive market place, money will begin to flow and deals will get done. Believe it or not, that time is already here. Banks are finally lending again!

Several clients and potential new clients have advised us they are ready to sell their investment properties, but their buyers can not qualify for a loan to purchase their property. Banks' requirements for credit worthiness are at an all time high. Money is still trading (lending) at a premium and banks can afford to be particular. Today, lenders require a much higher standard from prospective borrowers than in years past. Credit history, cash position and ability to pay back the loan upon demand are all critical elements to qualify for a loan in this market. A prominent lender recently commented that his analysts spend as much time today considering the credit worthiness of the borrower as they do the merits of the underlying transaction.

The good news is that well qualified, credit worthy borrowers can now borrow the money required to buy investment grade property.

The good news is that well qualified, credit worthy borrowers can now borrow the money required to buy investment grade property. If you, a prospective buyer for your property, or someone else you know are having trouble obtaining a loan to purchase investment grade real estate, then please call us for a loan. We are not lenders and we are not mortgage brokers, but we do have several excellent referral sources with access to mortgages on all asset classes for qualified borrowers purchasing multifamily, retail, office, industrial and self-storage properties. These mortgages are available at today's competitive rates and standard fees.

It is harder than ever to qualify for competitive loans in today's market place, but good loans at market rates are available for qualified buyers. Please call us for a referral to one of our colleagues to help you or your referral obtain the right loan to fit the deal.

CLEARVIEW PERSPECTIVE
(CONTINUED FROM PAGE 4)

To use life insurance, however, you'll need to be insurable. Furthermore, you'll want to make sure the benefits of the CRT outweigh the costs of the life insurance premiums.

This material was prepared by Peter Montoya Inc, and does not necessarily represent the views of the presenting Representative or the Representative's Broker/Dealer. This information should not be construed as investment advice. Neither the named Representative nor Broker/Dealer gives tax or legal advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. The publisher is not engaged in rendering legal, accounting or other professional services. If other expert assistance is needed, the reader is advised to engage the services of a competent professional. Please consult your Financial Advisor for further information. www.petermontoya.com, www.montoyaregistry.com,

[1] charitableremaindertrust.com/faq.html [4/28/10]
[2] ca-trusts.com/crt.html [4/28/10]
[3] library.findlaw.com/1997/Dec/1/128372.html [12/1/97]
[4] http://www.charitableremaindertrust.com/second_to_die_life_insurance.html [4/28/10]

CLEARVIEW WEALTH MANAGEMENT

371 NE Gilman Blvd, Suite 310
Issaquah, Washington 98027

Presorted
Standard
US Postage
PAID
Seattle, WA
Permit #6781

Corporate Office
Issaquah, Washington
866/ 557 1031
425/ 557 0559

Anchorage, Alaska
87 PICK A TIC
877/ 425 2842

Chicago, Illinois
866/ 557 1031

www.cvwm.com

Visit cvwm.com for more information on Alternative Investments

Go Green! *If you would like to receive our newsletter electronically instead of by U.S. Mail, send an email to KathyLindeke@cvwm.com to be added to our email list.*

SEMINARS

Estate Planning Seminar

Tuesday, June 29, 2010 .... 6:00 PM .... Bellevue, WA

Meet The Sponsor Seminars

Wednesday, July 14, 2010	6:00 PM	Bellevue, WA
Thursday, July 15, 2010	12:00 PM	Seattle, WA
Tuesday, August 10, 2010	6:00 PM	Portland, OR
Wednesday, August 11, 2010	6:00 PM	Everett, WA
Thursday, August 12, 2010	12:00 PM	Tacoma, WA
Wednesday, September 08, 2010	6:00 PM	Bellevue, WA
Thursday, September 09, 2010	12:00 PM	Seattle, WA
Tuesday, September 14, 2010	6:00 PM	Oak Brook, IL
Wednesday, September 15, 2010	12:00 PM	Chicago, IL