

Contribution Procedures

REAL ESTATE

A qualified appraisal is required to substantiate the donor's charitable income tax deduction. A copy of this appraisal must be obtained by the donor prior to the first tax filing for the trust (per IRC). The appraisal must be timely (*dated no sooner than 60 days before the date of the gift*) and procured at the expense of the donor. The fee for this appraisal is not a legitimate expense of the trust and should be paid by the donor.

Submission of the following documents to Gift Administration Services is required:

1. **Contribution Agreement**-- Whenever contributions of real estate are made and there is not enough liquidity to cover trust distributions and/or expenses, Gift Administration Services Inc. (Gift Administration) will require the donor to execute two copies of a Contribution Agreement and return them both to Gift Administration. This agreement helps to ensure liquidity for the payment of trust expenses in the event the real property is not liquidated in a timely manner.
2. **Real Estate Gift Analysis Form**-- Gift Administration must be provided with a fully completed and executed copy of the donor's Real Estate Gift Analysis form. If the gift constitutes the initial trust funding and Renaissance is asked by the settler's attorney to prepare the trust document, this form must be provided with the *Custom Document Order Form* before the order will be processed.
3. **Deeds**-- Gift Administration requires one file copy of each recorded deed that evidences the title transfer to the Trustee (when independent of the donor) or Independent Special Trustee, if required by the trust document for the trust. The legal description in the deed must match the legal description contained in Schedule A of the trust document when the trust is funded initially with real estate.
4. **Cost Basis Certification**-- The donor must provide Gift Administration with accurate information concerning the donor's adjusted cost basis in the gifted real estate.
5. **Depreciation Certification**-- With respect to any depreciation expenses previously charged to the property, the donor must advise Gift Administration, in an acceptable form, whether a sale of the property would trigger any depreciation recapture, and, if so, the exact amount that would have to be recaptured for Federal Income Tax purposes. Gift Administration will assume no depreciation recapture unless this information is provided, in writing, at the time the initial funding information is received.

These procedures are intended for informational purposes only and should not be construed as legal or tax advice. For more information on these procedures, please contact legal counsel or an appropriate tax advisor.

6. **Valuation by the Independent Special Trustee**-- If required by the trust agreement, the Independent Special Trustee will provide Gift Administration with written instructions as to the fair market value of the property as of the date of contribution and each annual valuation date thereafter if the real estate is held, generally at the beginning of each calendar year.
7. **IRS Form 8283**-- When appropriate, a copy of the Donor's IRS Form 8283 should be provided to Gift Administration. This form is sometimes required to substantiate the Donor's charitable income tax deduction. It is the donor's responsibility to prepare and file this form with his/her personal income tax returns. Thus, the expense of its preparation is the donor's and may not be billed to the trust.
8. **Investment Account Information**-- If the Independent Special Trustee or Trustee establishes a bank (or other cash) account into which funds he receives from the asset under his charge will be deposited, Gift Administration must be advised of: (a) the account number; (b) the institution; and (c) the institution's address. The address of Gift Administration Services, Inc. (Gift Administration) *must* be the address of record on the account. A sample account name and address follow:

Trustee (or IST)
John & Mary Doe CRT U/A 01/01/00
c/o Gift Administration Services, Inc.
6100 W. 96th St., Suite 100

When the trust sells real estate to non-disqualified third parties, the following documentation must be provided to Gift Administration.

1. **Agreement of Sale**-- When the terms of sale are reduced to a writing, Gift Administration requires a file copy of all components of the written agreement. This requirement includes: (a) escrow agreements; (b) deeds; and (c) closing statements.

When the trust sells real estate to non-disqualified third parties and finances the sale, the following documentation must be provided to Gift Administration:

1. **Agreement of Sale**-- Gift Administration requires a file copy of all components of the written sales agreement. This requirement includes: (a) escrow agreements; (b) deeds; (c) closing statements; (d) and/or installment sales contracts.
2. **Note and Security Agreement**-- Gift Administration requires a file copy of the purchaser's note and any security agreement, mortgage or deed of trust that guarantees as collateral the financed sale.
3. **Amortization Schedule**-- A complete amortization schedule for the note or contract must be provided to Gift Administration if payments will include both a principal and income components.
4. **Purchase Money Checks**-- Photocopies of all checks (or cash receipts) evidencing payments on the note or contract must be forwarded to Gift Administration as the payments are received with an explanation of any proceeds that are extraordinary to the original terms of the sales agreement.

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