

PROCEDURES – REAL ESTATE
FOR REAL PROPERTY GIFTS

1. Information required to evaluate a proposed real property gift:
 - a) Donor must indicate a clear charitable intent when offering real property as a gift.
 - b) Donor must provide a current appraisal performed by a certified appraiser familiar with that type of property. (The appraisal should be done within 60 days of the date of the gift.) The appraiser should be informed that the appraisal will be used to determine the value of a gift for IRS purposes, and the appraisal must be conducted under those criteria. The latest copy of the tax assessment notice is not sufficient to determine the market value of the property. The IRS recently ruled that the donor may deduct the cost of the appraisal as an expense paid in connection with the determination of the donor's income tax liability.
 - c) Donor must provide a current title examination showing the property is free and clear of liens, encumbrances, etc., and that it is not currently the subject of any litigation. The title report may also qualify as a deduction as an expense paid in connection with the determination of the donor's income tax liability. (The donor is encouraged to consult with his tax accountant to confirm this.) In addition, all real property taxes that are due for the year in which the property gift is given to USMF must be paid by the donor.
 - d) The property must meet the criteria of USMF Real Property Gift Acceptance Standards for current value and use.
 - e) A member of the USMF staff must be given an opportunity to inspect the proffered gift, and have an inspection, if it is determined to be necessary.
 - f) If USMF determines it is necessary, USMF may have an environmental assessment of the proposed gift performed prior to a decision to accept or refuse the gift. An environmental assessment must be performed prior to acceptance of any commercial property. The donor may or may not be requested to pay for, or assist in paying for, the assessment.
2. The Development Officer must explain the following requirements to the donor, and must be sure that the donor understands them, before the real property gift may be accepted by USMF:
 - a) The Internal Revenue Service requires the donor to fully relinquish custody and control over the property. Real property gifts must be placed under the control of and for the exclusive use of USMF in order to qualify for the charitable tax deduction.
 - b) The development officer working with the donor must carefully explain that USMF policy for real property gifts is to sell such gifts as soon as possible, except in the most exceptional circumstances.

- c) If the donor claims the appraised price as his/her tax deduction and USMF sells the property for less during the first two years following the gift, the donor may be required to amend his tax return to reflect the lower purchase price. After the initial two years, the donor is not required to amend his/her tax return if the gifted property sells for less than the appraised price.

**THESE POLICIES APPLY WHETHER THE PROFFERED REAL PROPERTY GIFT
IS AN OUTRIGHT GIFT OR IS A PLANNED GIFT.**