

# MAKING A GIFT OF REAL ESTATE



Real estate gifts, including primary or vacation residences, rental property, vacant land, farms, timber property and commercial buildings can be a great way to support OHSU while also providing significant benefits to the donor, such as tax savings, freedom from carrying costs, avoiding the hassle of selling the real estate themselves and the option of receiving lifetime payments in exchange for the property.

Real estate gifts are considered for acceptance by the Foundation on a case-by-case basis. The review process typically takes 30 to 90 days depending on the complexity of the property and the transaction. When deciding whether to accept a gift of real estate, the OHSU Foundation asks for certain information to evaluate its legal and financial risk. Please be aware this requires patience and realistic pricing. If this type of gift sounds attractive to you, please review the following information with your tax and legal advisors.

## Talk to an OHSU Foundation gift planning officer

The Foundation will need to know what type of property you are considering for donation, as well as the method of making the gift (i.e. giving the property outright or funding a life income gift.) For example, you may decide to give:

- An outright gift of real estate with a choice of gifting the entire property or a partial interest.
- A gift of real estate to a charitable remainder trust that provides payments to you or other designated beneficiaries for your lifetimes or a term of years.
- A gift of real estate wherein you retain a life estate interest, where you retain the right to live in your home for the rest of your lifetime. After your passing, your property passes to OHSU.

The Foundation's Gift Planning team can give you further information about the tax and financial benefits of these and other gift methods.

## **Assemble the required documents**

Because there are inherent risks in the purchase, ownership and sale of any real estate, the OHSU Foundation's Board of Trustees must review all relevant information before deciding whether to accept the gift. Information and documents required for review include:

1. Copy of the deed to the property.
2. Copy of any lease agreements, restrictive covenants, and/or management agreements.
3. Copy of a qualified appraisal by a certified real estate appraiser. (See below)
4. Copy of any property tax statements and insurance policies.

Summary of potential carrying costs; this may include property taxes, insurance, maintenance, utilities, homeowner association fees, etc. In addition, the OHSU Foundation may conduct a title search and an appraisal at their own expense.

## **Obtain a “qualified appraisal”**

You will need to obtain a “qualified appraisal,” as defined by the Internal Revenue Service (IRS) to substantiate the value of the gift and receive a charitable tax deduction. A copy of this appraisal should be provided to the OHSU Foundation to inform the value of the gift.

For IRS filing requirements, the appraisal must be dated within sixty days prior to the date of the gift or before the donor's tax filing. The cost of the qualified appraisal must be paid by the donor; however, in some cases this cost can be deducted.

## **Give the OHSU Foundation time to review and accept the gift**

Once the OHSU Foundation has all the necessary information, the gift is reviewed by OHSU Foundation staff with final review by the Foundation's Board of Trustees. The Gift Planning team will keep you informed about the timing and the process by phone or email.

## **Make arrangements to transfer the property**

Once the gift has been approved, the OHSU Foundation will coordinate with you and your legal advisors to arrange the closing and transfer of title.

Your legal advisors should prepare and record the deed and any related documents because of their knowledge of local law and procedures. The OHSU Foundation may assist by providing draft language for any associated gift documentation, such as agreements regarding retained life estates, charitable remainder trusts or charitable gift annuities.

The date of your gift is usually the date on which title to the property is transferred to the OHSU Foundation.

## Consider carrying costs and transfer taxes

Just as you would be responsible for carrying costs prior to the gift, carrying costs (see previous page) may continue to be your responsibility until the OHSU Foundation is able to sell the property.

For example: if you retain a life estate in the property, it is your responsibility to pay for carrying costs as long as you retain the life estate in the property. Alternatively, if your gift is funding a charitable remainder trust, you may be asked to make additional contributions to the trust to cover the carrying costs until property is sold.

Please note that any gifts a donor makes to a charitable remainder trust to cover carrying costs or real estate transfer taxes would be considered an additional charitable contribution, a portion of which is generally deductible for tax purposes.

## Understand IRS Reporting Requirements

The OHSU Foundation cannot provide tax advice but can assist your tax advisors with the calculation of your charitable tax deduction. Please bear in mind that the charitable deduction is reduced when the gift plan includes an income benefit to the donor (or to other named beneficiaries).

Again, you are responsible for substantiating your charitable tax deduction by obtaining a qualified appraisal (described above). That appraisal is used to prepare IRS Form 8283, which the OHSU Foundation will sign, and should be filed with your tax return for the year in which you claim the deduction. Please be advised that the IRS may disallow a deduction if a Form 8283 is not filed.

As general rule, the OHSU Foundation sells all real estate gifts as expeditiously as possible. If the OHSU Foundation sells donated property within three years of the gift date, it must disclose the sale price by filing IRS Form 8282. In such an event, the OHSU Foundation will send a copy of the completed Form 8282 to you for your records.

**Thank you for considering a gift of real estate to the OHSU Foundation! If you have further questions, please call a member of the Gift Planning Team at (503) 552-0722.**

