



UNIVERSITY OF WISCONSIN
FOUNDATION

Real Estate Gift Program

Acceptable Types of Real Estate

- Personal residence
- Vacation Home
- Vacant Lot
- Condominium
- Rental Property
- Farmland
- Industrial / Business property

Gift Options

- Outright gift of real estate
- Charitable Remainder Trust (Flip)
- Bargain Sale
- Retained Life Estate

Gift Options

Outright gift of real estate

- Largest charitable deduction

Gift Options

Charitable Remainder Trust (Flip)

- Smaller charitable deduction
- Income stream once property sells and trust is funded

Gift Options

Bargain Sale

- Part gift / part sale of property to charity
- Donor sells property for 50% or less of fair market value to charity
- Charitable deduction = appraised value minus sale price
- Charity sells property for full fair market value

Gift Options

Retained Life Estate

- Deed property to charity during lifetime while retaining the right to live in property
- Immediate charitable deduction
- Donor remains in property for lifetime or at a future point of his/her choosing
- Donor pays all taxes & carrying costs
- Upon death of donor, charity takes possession of property

Requirements & Recommendations

- Mortgage and/or other debt retired completely
- Appraisal within 60 days of the date of gift
- Clear title
 - Recommend title insurance policy if uncertain

Process

- In-depth conversation with donor to discuss property, purchase/sale history, how property was used, cost basis, environmental concerns
- Donor completes formal Real Estate Gift Questionnaire
- Conversation with local real estate agent and other relevant parties (property manager, etc.) to discuss marketability, pricing, sales timeline

Process, continued

- Personal visit to potential gift property
- Phase I and Phase II Environmental Survey performed if warranted
- Gift acceptance / decline determined by formal committee at charity

Issues & Concerns

- Environmental concerns
- Unmarketable Property
- Timeshares

Issues & Concerns

Environmental concerns

- Charity does not want to be in the chain of title of contaminated property
- Case example: Alaska property. . . underground oil & gas storage tanks \$20K to clean up

Issues & Concerns

Unmarketable Property

- Lots in proposed retirement subdivisions (e.g. very common in Arizona & Florida)
- Property listed by owner for many years

Issues & Concerns

Timeshares

- Very difficult and time consuming for charity to navigate
- Utilize Donate For a Cause (www.donateforacause.org)

Case Examples

Outright Gift

- Gift of condominium on Lake Mendota
- Appraised value of \$238K
- Sale price within three months of \$235K
- Donors divided proceeds among various campus units, including Nursing, School of Medicine and Public Health and general undergraduate scholarships

Case Examples

Bargain Sale

- Brussels, WI (Door County) yak farm—40 acres
- Total value approximately \$660K
- UW Foundation paid 50% of appraised value to donors
- Donors received a charitable deduction for the remaining 50% and Foundation will sell the entire property.
Proceeds will eventually benefit the School of Medicine and Public Health

Case Examples

Charitable Trust

- San Francisco, CA
- Donor gifted three story home valued at approximately \$1M to a Charitable Remainder Trust (Flip)
- Payout rate = 6%
- Once property sold (over \$900K), donor began receiving regular trust payments that continue for his lifetime

Case Examples

Retained Life Estate

- Madison, WI condo
- Value approximately \$560K
- Donors will remain in the condo until they pass away or retire full-time to Arizona
- Proceeds will fund a variety of areas on campus—still TBD