Real Estate

NORTH CAROLINA
COMMUNITY FOUNDATION

How Do Gifts of Real Estate Work?

Gifts of real estate can vary widely and often make an excellent choice for those who want to use illiquid assets for charitable giving. Donors provide a property appraisal and other necessary documents. NCCF makes the process easy, selling the property after it is contributed.

What are the Most Common Ways to Donate Real Estate?

Outright gifts of real property: You may be able to take a charitable deduction of the fair market value of the contribution of up to 30% of your adjusted gross income. If the amount is greater than what can be used in one year, the excess deduction can be carried forward for up to five years.

Retained life estate: You can make a gift of a primary residence or vacation home but retain the right to live in or use the property during your lifetime. Upon your death, avoid the delay and expense of probate since the property is already in NCCF's name. You take a tax deduction at the time of the gift.

Gift providing income: Gifts of property can be made to a Charitable Remainder Trust that pays you or others an income for life or set period. Avoid up-front capital gains taxes and take an income tax deduction based on the value of NCCF's remainder interest.

Gift by bequest: Gifts of real estate can also be made by incorporating a bequest into your will or living trust.

Benefits

- Avoid costly capital gains taxes while realizing the maximum tax deductibility of your donation
- Create liquidity for philanthropic giving with illiquid assets
- Reduce or eliminate estate taxes
- Better tax deductions through an NCCF fund (30% AGI) as compared to a private foundation (20% AGI)
- Support multiple charities through your gift

REAL ESTATE CONTRIBUTION *in Action*

A donor with an unused vacation condo faced a capital gain of $100,000 if she sold it,so she decided to start a Donor Advised Fund with it. With her gift, she avoided capital gains taxes and could claim the condo's fair market value ($300,000) up to 30% of her AGI. NCCF sold the property and the donor was able to start giving through her Donor Advised Fund right away.

Donor Considerations

- All transfers of assets are irrevocable
- The real estate must have a fair market value of at least $100,000 and be deemed marketable within two years from date of gift
- All gifts of real estate must be approved by the NCCF Executive Committee, which reviews factors such as value, ease of administration, marketability, debt, UBIT consequences
- After the gift is made, NCCF will work to sell the property as soon as possible. NCCF has complete discretion regarding when to sell the property and at what price
- Donors are responsible for NCCF's costs associated with completing the gift transaction, including appraisals and legal and other ancillary fees
- Any related administrative and maintenance costs will be charged to the donor, including property taxes, liability insurance, maintenance, property management fee, closing costs
- NCCF may require written assurances or an indemnity agreement

Donor Responsibilities

- Obtain a qualified appraisal complying with IRS regulations to establish the value of the gift for federal income tax purposes
- If required by NCCF, donor to execute a written agreement that provides for indemnify NCCF against all liabilities incurred by donor on the real estate up to the date of the gift.
- Other due diligence is required. Contact NCCF for more information.

Let's get started.

Contact the Development Officer in your region today, and we'll answer your questions and help you with next steps.

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The North Carolina Community Foundation's mission is to inspire North Carolinians to make lasting and meaningful contributions to their communities.