

REAL ESTATE GIFTS

Your property can benefit you, your family and the Diocese of Austin

Donating property to the Diocese of Austin provides tax advantages while relieving you of the day-to-day responsibilities of property ownership. We welcome all gifts of real estate, including improved or unimproved property and oil and gas mineral interests. Depending on the gift method, you may enjoy tax savings, lifetime payments and freedom from carrying costs.

When considering a real estate gift, we need to know the type of property you would like to donate as well as how you prefer to structure your gift. Methods of giving include:

Outright gift: A current gift of your real estate

Charitable remainder unitrust: A gift of real estate into a trust that provides payments to you or beneficiaries you designate

Retained life estate: A gift of real estate where you retain certain interests, such as the right to enjoy your property during your lifetime

Bequest: A gift of real estate in your will

The Diocese of Austin can provide more information about the tax benefits of these and other gift methods.

HOW TO MAKE A GIFT OF REAL ESTATE

1. Contact the Diocese of Austin Chancellor's office to discuss the type of property you would like to give and your preferred gift method.
2. Provide the following information and documents (in your possession) about the property to the Chancellor's office for initial evaluation:
 - Copy of existing deed to the property
 - Copy of existing survey
 - Copy of any leases, management agreements, restrictive covenants, condominium agreements, etc.
 - Copy of property tax statements
 - Copy of property insurance policy
 - Estimated or actual carrying costs for the property, including property taxes, insurance, maintenance and—depending on the type of property—homeowner's or condominium dues, utilities and grounds care
3. The Diocese secures a title report.
4. The Diocese reviews and evaluates the items listed above and will notify you about whether to proceed with the remaining steps.

5. The Diocese secures a Phase I environmental study depending on the gift method and type of property to be donated.
6. You obtain a "qualified appraisal" in accordance with Internal Revenue Service Publication 561.
7. The Diocese reviews all necessary information and provides the final acceptance decision in writing.
8. Your legal counsel prepares a draft of the general warranty deed for the Diocese's review.
9. You execute the general warranty deed and deliver it to the Diocese.
10. The Diocese records the deed.

OBTAIN THE QUALIFIED APPRAISAL

You must obtain a "qualified appraisal," as defined by the Internal Revenue Service (IRS) in Publication 561 and provide a copy to the Diocese for review. The IRS requires a qualified appraisal to substantiate the value of the gift so you can receive a charitable income tax deduction. The Diocese can provide you with a copy of Publication 561, which should be shared with the appraiser.

For IRS filing requirements, the qualified appraisal must be dated no more than 60 days prior to the gift date. If more than 60 days elapse between the date of the qualified appraisal and the gift date, you must update the qualified appraisal for tax filing purposes. You bear the appraisal cost, which may be tax deductible. The IRS also requires that you, your appraiser and the Diocese complete Form 8283, which you will attach to the tax return.

MAKE ARRANGEMENTS TO TRANSFER THE PROPERTY TO THE DIOCESE

Once the Diocese has approved the proposed gift, the Chancellor's office will coordinate with you and your legal advisers to arrange for the title transfer.

Your legal advisers will prepare the draft general warranty deed and any related documents. The Diocese assists by providing draft language for the documents, particularly language with respect to retained life estates, charitable remainder unitrusts and bequests.

The date of the gift is usually the date on which the title to the property is transferred to the Diocese. (Note: In certain states, the date of the gift is the date the transfer is recorded.)

CONSIDER CARRYING COSTS, TRANSFER TAXES AND OTHER EXPENSES

For outright gifts, the Diocese typically covers all carrying costs. These costs will be reimbursed to the Diocese out of the sale proceeds.

For retained life estates, you are responsible for carrying costs as long as you live or until you release the retained life estate. If a gift is to a charitable remainder unitrust, you will be responsible for making contributions to the trust to cover the carrying costs until the trustee sells the property.

Note that your gift to a charitable remainder unitrust to cover carrying costs is considered an additional charitable contribution, a portion of which is generally deductible for tax purposes.

IRS REPORTING REQUIREMENTS

The Diocese cannot provide tax or legal advice but can assist your tax advisers with the calculation of your charitable tax deduction. Please bear in mind that gifts of remainder interests limit your deduction to a portion of the appraised value of the real estate.

You are responsible for substantiating a charitable income tax deduction for the gift of real estate by obtaining the qualified appraisal described above. The appraisal is used to prepare IRS Form 8283, which the appraiser and the Diocese will sign. You are required to file Form 8283 with your tax return for the year in which the deduction is claimed, or the IRS may disallow a deduction. For gifts valued in excess of \$500,000, you must include the appraisal with Form 8283 for the tax return.

If the Diocese sells the donated property within three years of the gift date, the Diocese must disclose the sale price by filing IRS Form 8282. In such an event, the Diocese will send you a copy of completed Form 8282.

For more information on real estate gifts, contact:

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