

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS

REAL PROPERTY DONATION

Thank you for considering a real property donation to The Church of Jesus Christ of Latter-day Saints or one of its affiliated charitable organizations (collectively referred to as the “Church”). Real property gifts present unique tax and non-tax consequences that must be analyzed before the proposed gift can be accepted. The information requested in these materials will assist us in completing the requisite due diligence for the gift, preparing necessary tax filings for the gift if accepted, and accurately identifying the donor of each gift.

We thank you in advance for your help in gathering this information. While we are happy to answer questions where appropriate, we urge you to consult your personal advisors for questions regarding the legal, tax, and other consequences to the donor of a real property gift to a charity. Neither the Church nor its legal counsel, Kirton McConkie, can provide tax or legal advice regarding in-kind donations.

We encourage you to retain copies of all documents related to your donation. We appreciate your kind assistance and consideration in preparing the necessary documentation and offering your property to the Church.

If you have questions, please contact Wendell Jung:

- Phone: (808) 479-2630
- Email: Wendell.Jung@churchofjesuschrist.org

Included in this packet are the following items:

- Guidelines and Instructions.** This paper provides additional information regarding the process. Pages 2-3.
- Due Diligence Checklist.** Page 3.
- Information about Donor.** Page 4.
- Tender of Gift for Proposed Real Estate Donation.** Page 5.
- Property Profile.** Pages 6-7.
- Preliminary Environmental Assessment.** Page 8.
- Information for a Bargain Sale.** Only relevant if the Church is purchasing the property from you at less than its fair market value. Page 9.
- Affidavit Pursuant to Section 1445 of the Internal Revenue Code.** This form is required by IRS to Certify that you are a U. S. citizen. Please note that we will need this form for each person/entity that is on the title. Page 10.
- Tax Effects of Gifts of Appreciated Property.** Page 11.

GUIDELINES AND INSTRUCTIONS

LIMITATIONS ON REAL PROPERTY DONATIONS:

1. The Church will accept real property donations from individuals, corporations, partnerships, trusts, etc. However, the Church will only give a receipt to the party that conveys the property to the Church. All supporting documents and information provided in this packet must be in the name of the grantor on the current vesting deed.
2. The donor must provide the Church with appropriate documents to substantiate the ability of the donor to convey the property if title is not held in fee simple by individuals personally, such as corporate resolutions, copies of family trust agreements or partnership agreements.
3. To be considered in payment of tithing, the property must be readily marketable within nine months.
4. The property must be free and clear of any encumbrances, third-party restrictions, and liens, including prior year taxes, any farmland assessment or preferential tax requiring penalty or roll-back payments.
5. The property must not be subject to any stipulations, conditions, commitment for sale, or use which would bind the Church if property were accepted.
6. The property must be free of environmental hazardous risk.
7. The Church will not pay the property taxes for the year in which the donation is given if the Church does not have all required donation documents before October 1 of such year. The donor must pay all taxes on donations submitted after October 1 or for property for which there are pending issues that delay acceptance of the gift.
8. During the due diligence process, if the Church finds any issues that render the property unmarketable or otherwise unacceptable, the donation will not be accepted. The donor may attempt to resolve the problems and resubmit the donation for the Church's consideration. The property must be a legally subdivided parcel before it is submitted for consideration.

CHARITABLE DEDUCTION REQUIREMENTS

The donor is responsible for fulfilling the requirements necessary to receive a tax deduction for the gift, including obtaining an independent, third-party qualified appraisal. The Church will provide a "contemporaneous written acknowledgement" of the gift as required under applicable federal tax law and will sign the IRS Form 8283 when presented by the donor. If the Church sells the property within three (3) years of the gift (acceptance date, not the tender date), the Church is required to report the sales price to the IRS on IRS Form 8282.

TIMING OF DEDUCTION

It is anticipated that it will take approximately ninety (90) days from the date on which the Church receives all the required documents and information to conduct due diligence and to finalize acceptance of the gift. If you wish to file your tax return early in the year for a gift given late in the prior year, the packet of required documents must be submitted to the Church before October 1 of the donation year. If the required documents are not submitted to the Church by October 1, the gift may still be under review when you desire to settle your tithes or file your tax return for the current tax year.

You are solely responsible for determining the proper year to take any charitable contribution deduction for federal or state tax purposes. If the Church's acceptance of your gift or the recording of the deed occurs in a year following the year in which you originally tendered the gift, your deduction may be delayed to the later year.

DONATION PROCESS:

- The donor provides the Church all required documents.
- The Church reviews the donation documents.
- The Church acknowledges receipt of required documents and donor's proposed gift.
- A Church real estate representative inspects the property.
- The Church orders property reports, including a preliminary title report.
- The Church presents the gift for approval by the Gift Review Committee (meets monthly). The Church's closing section reviews the approved donation for legal adequacy.
- The donor is notified that the donation has been accepted.
- The donor and the Church close on the property, execute the deed (and, if applicable, the purchase agreement and bargain sale addendum discussed below).
- If provided by the donor, the Church executes the Form 8283.
- The Church sends the donor an acknowledgement letter.

DUE DILIGENCE CHECKLIST

Please attach a copy of the following documents. These will allow the Church to evaluate the proposed gift. Please note that receipt by the Church of this packet, with its accompanying documents, is not an acceptance of a donation by the Church and that the Church reserves the right to accept or reject the donor's contribution in accordance with its policies regarding donations. As a reminder, we anticipate that it will take the Church approximately ninety (90) days from the date on which the Church receives all the required documents and information to complete its due diligence and to accept the proposed gift.

- Pages 4-10 of this Packet, including:
 - Information about Donor (Page 4)
 - Tender of Gift for Proposed Real Estate Donation (Page 5)
 - Property Profile (Pages 6-7)
 - Preliminary Environmental Assessment (Page 8)
 - Affidavit Pursuant to Section 1445 of the Internal Revenue Code (Page 10)
- Supplemental Documents
 - Location map or plat map
 - Most recent property tax notice
 - If the donation is offered after October 1, a paid property tax receipt
 - If the donor is not an individual, substantiation documents authorizing the donor to convey the property (e.g. corporate resolutions, copies of family trust agreements, or partnership agreements)

NOTE: If the donor is or will be gifting multiple parcels, the donor should complete Pages 6-8 of this Packet (Property Profile and Environmental Assessment) and provide all Supplemental Documents for each parcel.

Information about the Donor

Donor's Name: _____

Donor's Address: _____

Donor's Contact Phone Number: _____

Donor's Email Address: _____

Purpose of Gift (Tithing, Church General Fund, Humanitarian Aid Fund, General Missionary Fund, BYU, BYU-Idaho, BYU-Hawaii, Ensign College, BYU-Pathway Worldwide, etc.): _____

Donor's Tax Identification Number (SSN OR EIN): _____

Describe any potential liquidation events of the property (i.e., the property is being sold):

Timing of the potential liquidation event: _____

Purchaser in liquidation event (if applicable): _____

PROPOSED REAL ESTATE DONATION

The undersigned donor (the “Donor”) hereby seeks consideration of its contribution to the Church of the property/properties described in the attached documents. The Donor understands that receipt by the Church of this form, with its accompanying documents, is not an acceptance of the donation by the Church. The Church reserves the right not to accept the Donor’s contribution in accordance with the Church’s policies regarding donations. It is anticipated that it will take approximately ninety (90) days from the date the Church receives all the required documents and information to complete its due diligence and for the gift to be accepted. The Donor has read and understands the “Guidelines and Instructions” on Pages 2-3 of this Packet. Subject to this understanding and intent, by signing below, the Donor hereby tenders to the Church the property/properties and documents requested.

The Donor acknowledges that the Donor has not relied on any information (written or verbal) received from the Church as to tax and legal matters and that the Church has strongly advised the Donor to consult Donor’s own competent tax and legal advisors on this matter.

THE DONOR UNDERSTANDS THAT ALL OF THE REQUIRED DOCUMENTS AND INFORMATION MUST BE PROVIDED BEFORE A DONATION CAN BE CONSIDERED.

Donor Signature

Date

DONATION PROPERTY PROFILE

Property Address: _____

Legal Description: _____

Restrictions

Description of any restrictions on the property use: _____

Rights

Please describe any rights and indicate whether such rights are included or excluded from the donation.

Water Rights: _____

Water Rights Included with Donation: **Yes** **No** **N/A**

Mineral Rights: _____

Mineral Rights Included with Donation: **Yes** **No** **N/A**

Energy Rights: _____

Energy Rights Included with Donation: **Yes** **No** **N/A**

Other

Any other unique property features: _____

DONATION PROPERTY PROFILE

Utility Information

Please indicate if not applicable.

| Electric Company | |
|-------------------------|--|
| Address | |
| Phone Number | |
| Account Number | |

| Gas Company | |
|--------------------|--|
| Address | |
| Phone Number | |
| Account Number | |

| Water/Sewer Company | |
|----------------------------|--|
| Address | |
| Phone Number | |
| Account Number | |

| Garbage Company | |
|------------------------|--|
| Address | |
| Phone Number | |
| Account Number | |

| Security System Company | |
|--------------------------------|--|
| Address | |
| Phone Number | |
| Account Number | |

| Homeowners Association | |
|-------------------------------|----------------|
| Address | |
| Phone Number | |
| Account Number | |
| Fee Amount | Per month year |

PRELIMINARY ENVIRONMENTAL ASSESSMENT

Initial Assessment - Completed by the Donor

To assist in evaluating the acceptability to The Church the property described in the attached documents, the donor should answer each of the following questions:

1. Check each of the following, which describe a use of the subject property:

| | |
|---|---|
| <input type="checkbox"/> Raw Land | <input type="checkbox"/> Manufacturing |
| <input type="checkbox"/> House | <input type="checkbox"/> Processing |
| <input type="checkbox"/> Multiple Residence | <input type="checkbox"/> Mine |
| <input type="checkbox"/> Farm | <input type="checkbox"/> Storage |
| <input type="checkbox"/> Office | <input type="checkbox"/> Waste Disposal |
| <input type="checkbox"/> Store | <input type="checkbox"/> Other |
| <input type="checkbox"/> Other Commercial | |

2. To the best of my knowledge, the following shows all hazardous substances known to have been used, stored, manufactured, generated or disposed of on the property.

| Yes | No | Unknown | Substance |
|-----|----|---------|---|
| | | | Asbestos |
| | | | Electrical transformers or PCBs (Polychlorinated Biphenyls) |
| | | | Landfill |
| | | | Petroleum products |
| | | | Stored chemicals |
| | | | Sump pond |
| | | | Underground storage tanks |
| | | | Other materials which are known to be hazardous |
| | | | Other materials which are unidentified and might be hazardous |
| | | | Hazardous materials on adjacent property |

Donor Signature

Date

Church Assessment – Completed by the Church

Normally, a Church representative should make an initial inspection of the property to determine if any of the potential or actual environmental hazards listed above might be present. An actual environmental inspection is not required in those cases where no hazards are indicated above by the donor, and the Church representative executing this document is sufficiently familiar with the general property and/or neighborhood to feel confident that a personal inspection is not necessary.

I HAVE / HAVE NOT (circle one) made a personal inspection of the property, and believe that all actual or probable environmental hazards which exist on the property have been indicated above or in an attached explanation.

Church Representative Signature

Date

Church Representative Name

BARGAIN SALE

A bargain sale occurs if you sell real property to the Church for less than the property's full fair market value. In a bargain sale you and the Church will enter into a purchase agreement and a bargain sale addendum. These documents typically are drafted by the Church. The bargain sale addendum defines the donor's asserted fair market value of the real property, the gift portion, and the sale portion. These three values will be noted on the IRS Form 8283 provided by the donor. The Church will not establish or defend the gift portion, and you are under similar obligations to establish the value of and your qualification for a charitable deduction. If the Church discovers that the donor's assertion of the fair market value of the real property is not made in good faith or is intended to mislead tax authorities, the Church may terminate the transaction without further liability to the donor and be entitled to a return of all its earnest money or other consideration paid.

If the proposed transaction is a bargain sale, please provide the following:

1. **Proposed Purchase Price:** _____
2. **Fair Market Value:** _____
 - a. **Please provide the basis for establishing the FMV (e.g. independent appraisal)**

**AFFIDAVIT PURSUANT TO
SECTION 1445 OF THE INTERNAL REVENUE CODE**

STATE OF UTAH)
 ss.
COUNTY OF SALT LAKE)

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by _____ (“Seller”), the undersigned hereby certifies the following on behalf of Seller:

1. Seller is not a foreign person for purpose of U.S. income taxation. If Seller is a corporation, trust, partnership or estate, Seller is not a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations).
2. If Seller is a corporation, trust, partnership or estate, transferor is not a disregarded entity as defined in § 1.1445-2(b)(2)(iii).
3. Seller’s U.S. employer identification number is _____.
4. Seller’s address is: _____.

Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge, it is true, correct and complete. I further declare that I have authority to sign and deliver this certificate on behalf of Seller.

DATED as of _____, 20__.

Seller

By: _____
Name: _____
Its: _____

STATE OF UTAH)
 ss.
COUNTY OF SALT LAKE)

On _____, 20__ before me, personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person, acted, executed the instrument.

NOTARY PUBLIC

U.S. FEDERAL INCOME TAX EFFECTS OF GIFTS OF APPRECIATED PROPERTY

The following is a brief summary of certain U.S. federal income tax laws relating to donations-in-kind. This information should not be relied upon as a complete statement, nor is this disclosure intended as tax or legal advice. Since each individual circumstance is different, the donor is urged to obtain competent professional assistance from his or her personal tax advisor.

The amount deductible for a charitable contribution of appreciated property usually depends on its value and whether it is capital gain property or ordinary income property.

VALUE. The donor is responsible for the correct valuation of the donated property. The donor should be aware that an over valuation of donated property may result in substantial penalties. To claim a deduction, the donor must generally file IRS Form 8283 with the tax return. For property worth in excess of \$5,000, form 8283 must be signed by an independent appraiser. A Church signature (when required) on Form 8283 does not signify confirmation of the claimed value, but only acknowledges receipt of the gift. If the property is sold or otherwise disposed of within three years, the Church must report the sale to the IRS. This can cause an audit if the Church is unable to sell the property for as much as the donor's appraised value on Form 8283.

LONG TERM CAPITAL GAIN PROPERTY. This includes property held for more than one year on which a long-term capital gain would have been realized if the donor had sold the asset for fair market value on the date of the contribution. It does not include inventory or purchased property held for resale in ordinary course business. These gifts are generally deductible at their fair market value on the date of contribution. However, the individual's contribution must be reduced under certain circumstances by the potential long-term gain and may also have an element of ordinary income if any prior depreciation is subject to recapture.

ORDINARY INCOME PROPERTY. This includes property that, if sold, would result in ordinary income by reason of depreciation recapture or the fact that the subject property was held for less than one year or the fact that subject property is "Dealer property". This is property that, if sold at its fair market value on the date of the contribution, would give rise to ordinary income or short-term capital gain. The deduction for such property is the lesser of the fair market value of the property or the donor's basis in the property. Such property includes inventory and stock-in-trade, produced or purchased and held for sale or resale in the ordinary course of business, regardless of the holding period, and any short-term capital assets.