Real Estate

Appreciated (and Debt-Free) Real Estate
A debt-free parcel of real estate may be gifted to Garrett-Evangelical, generating a current income tax deduction for the fair-market value of the property as established by a qualified appraisal.

The gift of debt-free real estate to the seminary means that the unrealized gain is not taxable to either the donor or the seminary. Gifting debt-free appreciated real estate works well in circumstances similar to the gifting of appreciated long-term capital gain property outlined above.

Bargain Sale
A bargain sale is a sale of property (house, condominium, apartment building, farm, empty lot, etc.) to Garrett-Evangelical for less than the fair-market value of the property. For example, an individual with a piece of property having a fair-market value of $200,000 may choose to sell that property to the seminary for $100,000, thereby gifting a portion of the property to Garrett-Evangelical. The donor is making a charitable gift equal to the difference between the fair-market value of the property and the selling price. Gifts of mortgaged property are, in effect, bargain sales.

Gifting property through a bargain sale works well if
- the donor has a low basis in a parcel of real estate which has appreciated significantly,
- the donor wishes to recover some, or all of his/her investment in the property,
- the transfer is structured so that the charitable deduction on the "gift" portion of the transfer offsets, or exceeds, the capital gains tax on the "sale" portion.

Retained Life Estate—Gifting My House and Living There Too
Donors may choose to gift their home, recreational home, or farmland and retain a "lifetime interest" in the property. Ownership of the property is transferred to Garrett-Evangelical Theological Seminary, but full use and control of the property are retained by the donor (who continues to be responsible for taxes and general upkeep and repair to the property).

An income tax deduction, based on the property's current market value and the life expectancy of the donor(s) is allowed. Upon the death of the donor(s), the "lifetime interest" of the donor(s) is terminated, and the full use and control of the property are transferred to the seminary.

The information contained in this guide is intended for informational purposes only and is not intended to be legal or tax advice. In the case of most non-cash, tax-advantaged gifts (outright or future) to the seminary, donors are encouraged to consult with their own financial advisors as they review materials and proposals which seminary staff and/or volunteers have prepared for their consideration.