

FAQs about Gifts of Real Estate

Big picture, does this fit my financial goals and my giving goals?

Making a gift of real estate is a substantial and lasting expression of your generosity. Prior to making such a life-changing gift, we encourage you to spend time in prayer over the decision. Also, please speak with your professional advisors about the financial impact that this gift will have on you and your family. As part of the gift-giving process we wish to better understand those goals, and we'd love to offer our support to you.

How do the numbers work out?

Every gift is different. That said, we want to work with you and your advisors to illustrate the likely tax consequences of making a gift before a future listing & sale. Most donors find that making a gift of real estate grants them a large tax deduction that can be used to offset their taxable income for multiple years. Plus, the capital gain upon which you normally would pay a tax is often eliminated when placed in the hands of charity. Together these two benefits can mean cash back in your pocket for living and more money for charity!

What is the typical timeline for gifts of real estate?

The usual timeline for Cru's formal review of real estate is six weeks between when we receive all supporting documents and when a gift can be signed over to the Foundation. Sometimes sooner. And of course, the timeline for a future sale is entirely dependent on the market.

What documents will you need?

Cru Foundation has a standard asset donation form with a list of requested items, please be sure to request it from your assigned Gift & Estate Design Specialist.

I still have a mortgage on the property, is that a problem?

Not necessarily, but it is much better to pay it off if possible. Your Cru Foundation representative can speak with you about the dynamics of debt in relation to charitable gifts, but it does increase the complexity of the gift significantly.

Can I give just a part of a property?

Yes, but with some clarifications that we should discuss. For example, you can give an undivided percentage interest in the property, but to be a valid charitable gift you cannot give just a certain part of the property.

What is the minimum gift size for real estate?

There is no published minimum, but typically the costs associated with making a gift will erode the benefit below \$100,000. But we would be happy to illustrate some numbers for you regardless of the gift amount.

Do I need an appraisal?

If you are seeking to claim a deduction, yes. Please also note that your appraisal must be a “qualified appraisal” as defined by the IRS and it should be endorsed by your professional advisors. Also, for gifts of non-cash assets, the qualified appraisal must be no older than 60 days from the gift date, and no later than the date you file your taxes for that tax year (with the appraisal dated on the gift date). Please speak with your representative and professional advisors more about this to be sure that you’re all set.

There are others who hold an interest in the property, but can I still give my interest? Maybe.

We will need to explore the nature of how the property is owned. Sometimes there are relational dynamics or restrictions that make this more difficult to navigate. But we would enjoy looking into it with you, and we definitely have seen gifts of this kind completed successfully.

What sorts of reports will Cru Foundation need prior to accepting my gift?

Cru Foundation is experienced with real estate gifts and your representative will outline the process with you. Besides general documentation about your proposed gift and some early questions, we will usually require a Phase 1 environmental survey on all properties that are not a single-family residence. Also, a general property inspection likely will be requested. And lastly, we will request a preliminary title report.

My real estate is farmland, may I give that?

Yes, but be aware that farmland may have some unique aspects about it, so be sure to speak with your professional advisors before exploring making a gift.

Who pays the expenses after making the gift?

Expenses on real estate (taxes, maintenance, ...) are typically paid from rental income, if applicable, or they are paid by Cru Foundation and then reimbursed from the future sale proceeds.

Does Cru Foundation find a realtor or do I suggest one?

Either - please let us know your wishes.

1. Cru Foundation is connected to a network of realtors through our real estate specialist. We’re prepared to interview and select a qualified realtor for selling your gifted property.
2. Or, if you have a realtor/broker, our real estate specialist is happy to interview them to verify that it would be a good fit. If you suggest your own realtor, we do request a one-time gift from the net proceeds to offset the cost, often \$1,500, but perhaps lower depending on the nature of the sale transaction.

Can I give an interest in my personal residence?

Maybe, but it gets complicated. The personal residence exclusion makes this type of gift less attractive for most people. But we would love to hear more about your situation and think through the options.

When should I make improvement to improve the value of my property (if desired)?

Improvements to properties are much better made prior to making a charitable gift. Should this be of interest to you, please be sure to highlight it in our early conversations.

We have tenants in the property, can it still be gifted?

Yes, these gifts can work nicely because they have a built-in income stream to offset the property's expenses. Given the added variable, there are some additional conversations that we should have, particularly about a plan for ongoing management after giving.

We have a Homeowners Association (HOA), will that present any issues?

Usually not a problem, but we will need to see the HOA agreement and ask some questions.

I am a real estate developer — can I give the house that we just completed?

It would likely be imprudent. As a “dealer” in real estate, the tax consequences of making a gift in-kind of real estate seldom work out positively. However, we do encourage you to consult with your advisors and consider the impact of making a substantial gift of cash into a donor advised fund after the sale to support ministry and to help offset your tax burden.

Can I just quitclaim deed the property to Cru Foundation?

No, sorry. Similar to you, as good stewards of all gifts we must understand and pre-approve the real estate that we're accepting. We do have great processes in place to make giving as easy as possible, but we must review all gifts. Also, please do not prepare a deed or transfer paperwork, we will do that for you as part of our gift acceptance process.

What else should I know?

Throughout the process, your primary point of contact will be your Cru Foundation representative and they will keep you informed. After your gift has been made, Cru will retain state-specific real estate counsel as needed, we'll interview and retain a realtor (*see the Q&A about realtor selection*), and we coordinate the details of real estate gift transactions with a real estate specialist company named Wilkins Way. It is also important to note that to protect your claim for a deduction, a charity must fully control the gifted interest without exception, even though we always seek to understand your wishes and advice.

All gifts should be made only after consulting with your professional advisors, we do not provide tax or legal advice. Also, to enhance your overall gift experience, please introduce us to your advisors during the gift exploration process. Doing so allows us to all work collaboratively toward the completion of the gift.

Please let us know of any additional questions that you might have. We look forward to serving you.