CHARITABLE REAL ESTATE

THE BARGAIN SALE

CA$H BACK

1

A Qualified Appraisal to establish the property's Fair Market Value;

2

A cash payment for less than the FMV;

3

And a charitable contribution for the difference.

www.theraoc.com/Christina

A Bargain Sale is a transaction created by the IRS in 1917 to promote philanthropy, comprising a cash sale for a portion of a property's Fair Market Value and a charitable donation for the difference. In a Bargain Sale, the property owner is both a seller (for the cash portion) and a donor (for the donated portion).

The level of cash payment is negotiated and often used to pay-off debt, other obligations of the property, or to provide the seller with funds for other personal needs.

The Seller pays taxes on the cash portion on a prorated basis, based on the percentage of the cash payment to the Fair Market Value.

The charitable contribution to a qualified charity avoids taxes that would be due under a conventional cash sale, and is eligible for a tax deduction against the donor's Adjusted Gross Income for the year of the contribution and, if necessary, for five additional years.

In a Bargain Sale involving real estate, the tax deduction may be applied against a maximum of 30% of the donor's AGI in each of the six years or until the deduction is completely used, whichever comes first.

Adding the cash payment to the cash value of the tax deduction gives the tax payer a way to measure the after-tax outcome of a Bargain Sale to the after-tax value of a conventional cash sale, and reveals the dual power of a Bargain Sale for a donor with philanthropic goals.

For more detailed information regarding a Bargain Sale, see Section 170 of the IRS Tax Code, and IRS Publication 526.

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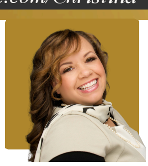

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C.C.R.E.S.

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