

# Carleton

## Steps for Making a Gift of Real Estate

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Carleton welcomes gifts of real estate, including single and multi-family residences, condominiums, apartment buildings, farms, lots and acreage, and other real estate assets. Depending on the type of gift you make, you may enjoy tax savings, lifetime income, and freedom from carrying costs, once the real estate is sold.

Real estate gifts require more planning than gifts of cash or marketable securities. Carleton needs time to gather necessary information and to evaluate legal, environmental, marketability, and financial issues before accepting a gift of real estate. You also will want to discuss the gift you are considering with your tax and legal advisers.

### 1. TALK TO A CARLETON DEVELOPMENT OFFICER

The first step is to share a description of the property you are considering for your gift, as well as to discuss the goals you have for your gift. For example:

- Maximize your charitable deduction by making an outright gift or bargain sale of your real estate.
  - Receive income for life and a tax deduction by making a gift of real estate into a charitable remainder trust.
  - Continue living in your property and receive a tax deduction by establishing a retained life estate.
- Carleton can provide further information about the tax and financial benefits of these gifts. Please contact us at [planned-giving@carleton.edu](mailto:planned-giving@carleton.edu) or (507) 222-4200.

### 2. PROVIDE INFORMATION AND DOCUMENTS TO THE OFFICE OF GIFT PLANNING

Because gifts of real estate can be complex and legal restrictions may limit Carleton's ability to own or sell a parcel of real estate, we will provide you with a Real Estate Worksheet to support and lead you through Carleton's due diligence process.

### 3. OBTAIN A QUALIFIED APPRAISAL

You will need to obtain an independent qualified appraisal, as defined by the Internal Revenue Service (IRS), then provide a copy to Carleton. The qualified appraisal is required by the IRS for you to substantiate the value of your gift and receive a charitable tax deduction. We recommend you notify your appraiser and tax and legal counsel of your intent to give real estate at this time if you have yet to do so.

The appraisal is a critical component of our review process. It is most helpful if you obtain an appraisal relatively early in the process, then have your appraiser update the appraisal after the gift is complete. This way, Carleton has complete information for its planning, and you can be sure your appraisal will include the correct date for your gift. The cost of the qualified appraisal and any updates is your responsibility as the donor. In some cases this cost may be tax deductible.

### 4. SUPPORT THE CARLETON REAL ESTATE GIFT REVIEW PROCESS

Prior to accepting a gift of real estate, we must evaluate the physical condition of the property and determine if Carleton can responsibly accept the gift. The gift review process may include an inspection of the property to address environmental hazards, an evaluation of the real estate market

in order to determine if the property can be sold in an effective manner, and an evaluation of the costs of maintaining the property should Carleton need to do so.

Typically, your role will be to support timely access to the property during this evaluation period and provide additional information, if needed, to support professional inquiries. Carleton will keep you informed about timing and progress throughout the process.

## 5. TRANSFER THE PROPERTY TO CARLETON

After Carleton has agreed to move forward with your gift of real estate, we will communicate with you about next steps and work closely with you and your legal advisers to ensure your gift goes smoothly, including making arrangements to close the gift and transfer title.

Carleton's outside counsel will also assist by providing draft language for the documents, particularly language for retained life estates and charitable remainder trusts, at no cost to you. It is important for your legal advisers to review these documents and to prepare and record the deed and any related documents because of their knowledge of local law and procedures.

The date of gift is typically the date on which title to the property is transferred to Carleton. You are responsible for all carrying costs prior to the gift and real estate transfer taxes.

If the gift is to a charitable remainder trust, you will be responsible for making additional contributions to the trust to cover all carrying costs until the trust sells the property. These contributions are considered an additional charitable gift, a portion of which is generally deductible for tax purposes. Carleton will assist with the process of creating the trust and establishing the trust administration. In most cases, you will continue to manage the property until it is sold in order to ensure the best possible maintenance and sale price are achieved for the benefit of the trust beneficiaries.

If you create a gift with a retained life estate, you will be responsible for all costs and maintenance of the property during the term of your life estate.

## 6. FULFILL IRS REPORTING REQUIREMENTS

Your legal and tax advisers should be involved throughout the real estate gift process. Carleton will provide charitable tax deduction calculations for your advisers' review. Gifts of remainder interests will limit your deduction to a portion of the appraised value of the real estate.

You are responsible for substantiating your charitable tax deduction for the gift of real estate by obtaining a qualified appraisal (described above). The appraisal is used to prepare IRS Form 8283, which we will sign and you are required to file with your tax return for the year in which the deduction is claimed. The IRS may disallow a deduction if Form 8283 is not filed.

If the donated property sells within three years of the gift date, Carleton must disclose the sale price by filing IRS Form 8282, and you will receive a copy of the completed form.

*Thank you for considering a gift of real estate to Carleton.  
If you have further questions, please call the Development Office  
at [planned-giving@carleton.edu](mailto:planned-giving@carleton.edu) or (507) 222-4200.*



**Carleton**