



Charitable

Real estate expenses and appraisals

A typical real estate transaction will involve various expenses. Some are paid directly by the donor. Others are paid out of the proceeds of the real estate sale when it is sold by Thrivent Charitable™.

Expenses paid by donor

Appraisal: A donor must satisfy certain appraisal requirements of the Internal Revenue Service as a condition of taking an income tax charitable deduction for any gift of real estate valued over \$5,000. A "qualified" appraisal must be obtained no earlier than 60 days before the property is conveyed to Thrivent Charitable. The cost of the appraisal is paid directly by the donor to the appraiser. When the donor files their income tax return, they must also file Form 8283. Section B (the Appraisal Summary) must be signed by the appraiser and then by Thrivent Charitable.

In selecting a qualified appraiser, the donor should be sure the appraiser understands they will be expected to prepare a written appraisal meeting at least the minimum IRS standards and to sign Section B of Form 8283 for no additional fee.

For your convenience, we supply you with copies of Form 8283 and IRS Publication 561 "Determining the Value of Donated Property". Publication 561 describes what the IRS regards as a "qualified appraisal" and what the Appraisal Summary (Section B of Form 8283) must contain. Please note no part of the appraisal fee can be based on a percentage of the real estate's appraised value. The appraiser needs to supply an extra copy of the appraisal for Thrivent Charitable.

Correction of title problems: Sometimes title problems are uncovered before or after the title is transferred by the donor. If the problem is uncovered prior to transfer, the donor and Thrivent Charitable decide jointly whether or not to proceed. If the transfer goes forward, or if the title problem is discovered after transfer, the cost of correcting any title defects is paid either by the donor directly or from the proceeds of the sale, to the extent possible.

Carrying costs: During the period in which the property is marketed to sell, there will likely be carrying costs such as property tax, utilities, insurance and maintenance costs incurred. If the property is placed in a charitable remainder unitrust, the donor may need to contribute cash to the trust to pay for these expenses as they are incurred. Thrivent Charitable provides documentation substantiating these gifts for the donor's tax purposes.

Expenses paid out of sale proceeds

State transfer fees: Many states impose a transfer fee or deed tax when the donor gives real estate to Thrivent Charitable.

Real estate taxes/special assessments: Some states require any delinquent real estate taxes and special assessments must be paid as a condition to recording the deed. Thrivent Charitable may require the donor to contribute additional money to the trust to pay taxes and assessments during the period between the gift and sale.

Transactional costs relating to transfer and sale:

1. Title review, title insurance
2. Broker fees and commissions
3. State deed tax or transfer fee on the sale to buyer
4. Recording fees, escrow and closing fees
5. Maintenance, management and operating expenses, including property insurance
6. Any other costs and expenses typically incurred as a part of a real estate sale

Exceptional expenses: Typically, Thrivent Charitable does not accept real estate which presents potential environmental risks and liabilities due to its former or current use. If such property is considered, it is likely an environmental inspection will be required (usually called a “Phase I”). The donor pays the cost of the inspection and report in those cases.

Thrivent Charitable™, the marketing name for Thrivent Charitable Impact & Investing®, is a public charity that serves individuals, organizations and the community through charitable planning, donor-advised funds and endowments. Thrivent Charitable works collaboratively with Thrivent and its financial advisors. It is a separate legal entity from Thrivent, the marketing name for Thrivent Financial for Lutherans.

Insurance products, securities and investment advisory services are provided by appropriately appointed and licensed financial advisors and professionals. Only individuals who are financial advisors are credentialed to provide investment advisory services. Visit Thrivent.com or FINRA's Broker Check for more information about Thrivent's financial advisors.