



## **GIFTS OF REAL ESTATE TO THE NEWPORT BEACH PUBLIC LIBRARY FOUNDATION**

The Newport Beach Public Library Foundation has partnered with the Realty Gift Fund to provide the strategic giving option of gifts of real estate. Realty Gift Fund is a 501(c)(3) nonprofit organization whose mission is "to promote the charitable giving of real estate by accepting real estate gifts of any kind, anywhere...fixing or remediating assets for market, converting them to cash...and using the net proceeds to make grants to other non-profit organizations for current and planned gifts."

The Library Foundation has done its due diligence and believes that Realty Gift Fund is ethical, transparent, and accountable. It is recommended by charitable foundations, like Vanguard and Fidelity, and major nonprofit organizations across the nation.

### **FREQUENTLY ASKED QUESTIONS**

See answers to your Frequently Asked Questions below. If you have additional questions, contact Realty Gift Fund for a "confidential/no strings attached" discussion. Contact information is on page 4.

#### **Is my donation of real estate tax deductible?**

Yes. The tax deduction is based on a current appraisal of a property less any cash paid to or on behalf of the donor (say, to pay-off a mortgage). The tax deduction applies against the donor's adjusted gross income in the year of the gift plus, if necessary, five additional tax years.

#### **Did you say that Realty Gift Fund will pay off my existing mortgage or commercial debt?**

Yes. Realty Gift Fund will use its resources and process to pay off existing debt based on an evaluation of the loan amount vs. the property's true market value.

#### **Can I receive a partial cash payment and donate the rest as a charitable contribution?**

Yes. Maybe your property is free of debt, but you desire a partial cash payment for some other reason: college tuition, investment opportunity, house renovation, or to reduce the gift portion to an amount that fits your tax strategy. The gift portion (tax deduction) is the difference between the property's current appraised value and the amount of any partial cash payment from RGF.

**Can I donate a partial interest in a property?**

Yes. RGF accepts partial interests in properties that are leased or are intended to be sold in a short period of time. RGF has taken partial interests in hotels, vineyards, and office buildings. Please tell us what you have in mind.

**If I sell my property, I will owe significant taxes. Do I avoid these taxes through a donation?**

Yes. A charitable donation of real estate eliminates all taxes for capital gain and the recapture of depreciation on the gift portion of the property. In most cases outright gifts can be transferred 100% tax free. If RGF pays any cash to you or on your behalf, the partial cash portion is taxed but the gift portion passes free of taxes.

**What types of property will Realty Gift Fund accept?**

Any type, anywhere...except timeshares. Commercial or residential buildings leased or vacant, debt encumbered or free/clear, improved or raw land, farms and ranches.

Every property must be marketable at a price close to its appraised value within a reasonable marketing period. Please call and describe what you have. We would love to hear your story.

**What types of property do you not accept?**

Our goal is to accept property that will produce net proceeds for the nonprofit world. Therefore, as an example, raw land with no existing access or utilities, no commercial purpose, or no commercial value is not acceptable. Property burdened by too much debt or contaminated beyond a reasonable mitigation plan is not acceptable.

**What are the steps in a gift of real estate?**

The charitable gift of real estate has two steps...a deed transfer by the donor to Realty Gift Fund, then a deed transfer by Realty Gift Fund to a third-party buyer. The first step (the donation) produces the "charitable gift," the second step (the sale) produces the "charitable funds."

The charitable gift (the donor's tax deduction) is based on a current appraisal of the property less any cash paid to or on behalf of the donor, and the charitable funds (net proceeds for the nonprofit world) are the sale price less the partial cash payment, holding costs, repair costs, and closing costs.

**Does Realty Gift Fund charge a fee for its role?**

No. Realty Gift Fund retains a small share of the charitable funds as a gift to its nonprofit after the property is sold and the balance of net proceeds is granted to other nonprofits. To date, RGF has granted 95% of the net proceeds it has produced to other nonprofits.

**How much will the Newport Beach Public Library Foundation receive from the sale of a donated property?**

The amount of charitable funds shared between RGF and NBPLF will be based on the size and complexity of each donation, but the goal is for NBPLF to receive, on each donation, 90%-98% of the net proceeds.

**Who determines the value of my tax deduction?**

The IRS requires that every gift of real estate valued over \$5,000 have a current appraisal produced by a qualified appraiser. An appraisal is considered current if dated no earlier than 60 days prior to the date Realty Gift Fund takes title.

**What are the costs to the donor for a gift of real estate?**

Most often the donor pays only for the appraisal. Realty Gift Fund usually funds all other financial obligations (partial cash payments to the donor, holding costs, repair costs, broker fees, transfer taxes, and closing costs) which are deducted from sale proceeds to produce the charitable funds.

**Does the property have to be located in California?**

No. Realty Gift Fund accepts properties from anywhere, and donors can gift properties located in other states to benefit the NBPLF.

**Can I donate a property that needs repairs?**

Yes. Realty Gift Fund can use its resources to make sensible repairs to properties in order to improve a property's marketability and shorten the selling period.

**What do you need to know about my property?**

Let us start with a phone or zoom conversation about your goals and if the Realty Gift Fund platform fits your needs. Real estate is a major gift, and we want to align our mission to your goals. We will ask for the property address and about the property type, its condition, the amount of debt or other cash needs, details about property taxes, and other characteristics that may define the property's market value.

**So, I am going to donate my property to Realty Gift Fund in order to financially support The Newport Beach Public Library Foundation?**

Yes. 99.5% America's nonprofits have strict policies against accepting gifts of complex assets that may present any form of risk to the nonprofit. As a result, real estate underperforms as a charitable gift even though real estate is the largest asset class in America.

Two very experienced real estate professionals founded Realty Gift Fund to serve as the country's specialized nonprofit making gifts of real estate easy for donors and safe for nonprofits. The RGF donation agreement specifies how much and to which nonprofit(s) RGF will grant excess net proceeds once RGF sells a property. RGF collaborates with donors of all types and with nonprofits of all sizes, including Fidelity Charitable, Vanguard Charitable, Morgan Stanley/MS Gift, REN (Philanthropy Services), and American Endowment Foundation granting millions of dollars to the nonprofit world every year.

You can see RGF's complete list of grantees at <https://RealtyGiftFund.org>.

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Disclaimer. The information contained in these *Frequently Asked Questions* is provided as a general guide to charitable giving real estate. The Newport Beach Public Library Foundation and Realty Gift Fund are not providing actionable tax advice and urge every potential donor to seek their own advice from qualified independent tax and legal professionals.

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FOR FURTHER INFORMATION

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