



CONTRIBUTION SCENARIOS

INDIVIDUALS/REVOCABLE TRUSTS OWNERS III

Property is owned by individuals as tenants in common. There is a tract of land on the property that one of the owners wishes to retain.

SCENARIO

The tract of land that one owner wishes to retain should be surveyed and separated from the remaining land and appraised separately. The land should then be re-titled in proportion to the ownership that each wishes to own in the separate parcels.

EXAMPLES

Example 1: There are four owners (Owners A, B, C, & D) of land that has a fair value of \$1 million. The parcel (Parcel 1) that one owner (Owner A) would like to keep is worth \$200,000.

The remainder of the land (Parcel 2) is worth \$800,000. Once the land is re-surveyed and re-titled, Owner A would own 100% of Parcel 1 and 6.25% of Parcel 2. Owners B, C, and D would each own 31.25% of Parcel 2. The owners of Parcel 2 can then contribute that land into the fund.

Example 2: Same facts as above number 1 except the property has a mortgage equal to 20% LTV. In this case, Owner A contributes Parcel 1 and Owners A, B, C & D contribute Parcel 2 to the fund. Simultaneously, the fund would loan the contributors the money necessary to pay off their mortgage.

This loan would remain in place until the contributors fully repaid the note. Until then, it would accrue interest, which would be paid by the contributors' quarterly distributions. Owner A would then enter into an option agreement or installment sale agreement to buy back his/her interest in Parcel 1.