



**Gifts of Heritage
to
The Michigan Historic Preservation Network**

The Michigan Historic Preservation Network
313 East Grand River Avenue
Lansing, Michigan 48906
Phone: (517) 371-8080
Fax: (517) 371-9090
E-Mail: info@mhpn.org
Web: www.mhpn.org
Federal Tax ID: 38-2878515

Executive Director: Nancy Finegood

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Thank you for considering a gift to the Michigan Historic Preservation Network (MHPN). We appreciate your interest.

The MHPN was established in 1981, incorporated in 1989, and recognized as a non-profit organization in 1990. Its mission is to create an awareness of the value of Michigan's rich cultural heritage and architectural history, encourage the preservation and stewardship of historic properties, support efforts which recognize the contribution these properties make to the individuality and economic vitality of Michigan's communities, and serve the citizens of Michigan as they undertake to restore and use and maintain their historic properties.

We welcome your gift in support of the work defined by this mission. One kind of giving opportunity we offer is that of our Gifts of Heritage program.

What Is a Gift of Heritage?

A Gift of Heritage is a historically or architecturally significant home donated to the MHPN so that it may be preserved for future generations. Homes donated to the MHPN are carefully evaluated to determine the specific elements of historic or architectural importance that require preservation. MHPN staff members devise a preservation plan for the property which directs the easements that will be placed in the deed in perpetuity. The MHPN then sells the home to preservation-minded buyers who will appreciate the easements and maintain the property as their home.

A portion of the sale proceeds establishes an endowment fund to protect and regularly monitor the easement. Donors may realize significant tax savings and, if desired, may continue to live in their homes.

How Will an Easement Help Preserve My Home?

Preservation easements are permanent legal rights granted by the owner to protect against undesirable demolition, development, or alteration. Once imposed, a preservation easement attaches permanently to the property's deed, in effect protecting the site in perpetuity. An MHPN representative will visit this property annually to ensure that the easement provisions are being met and/or take legal measures when necessary.

How Does a Property Qualify?

There are some general rules with which the MHPN works. The property must:

- be at least 50 years old
- be unencumbered (that is, without a mortgage or lien)

Additionally, the property must meet acceptable standards in an evaluation of environmental hazards and be historically or architecturally significant. The standards for significance vary, but in general the property should be listed (or eligible for listing) on the National Register of Historic Places or the State Register of Historic Sites, designated within a local historic district, or judged by MHPN's Easement Committee to be of historical, cultural, or architectural significance. As we work with donors, we emphasize our need to know the history of ownership, the impact this property and ownership has had on a particular community, and the architectural features that would be unique to a specific region.

What Are The Different Methods of Donation?

Once the decision is made to donate a home to the MHPN, one should consider the method of donation that best fits his or her entire estate plan. A donor may deed a gift of real estate to the MHPN in the following four ways, all of which remove the value of the property from their estate for estate tax purposes. (Please see the MHPN guides titled "Ways of Giving" and "Making a Charitable Bequest" for more information on all four of the following.)

- **Outright Gifts –**
An outright gift requires only a signed deed of gift.
- **Retained Life Estate –**
Donors may also sign a deed of gift, but retain the right to live in the property for the rest of their lives. The donors remain responsible for the maintenance, taxes, insurance, and general repairs during this time.
- **Charitable Remainder Trust –**
Donors may use their property as an asset to fund a charitable remainder trust. Once the easements are placed on the property and it is sold, the funds are put into a trust to generate income for the donors for one or more lifetimes or for a term of up to twenty years. Although the MHPN cannot currently serve as Trustee, it will act cooperatively with whatever Trustee is chosen by the donor.
- **Bequest –**
A donor may leave a property to the Gifts of Heritage Program in their Wills.

What Are the Tax Incentives?

The following are some financial benefits associated with a Gifts of Heritage donation:

- Avoiding capital gains tax on the property's appreciated value.

- Receiving a charitable tax deduction from federal income taxes; the maximum charitable donation deduction allowed by the Internal Revenue Service in one year for federal income tax purposes is 30% of one's adjusted gross income. Unused portions of the deduction can be carried forward for five additional years.
- Removing this asset from one's estate.

Why Can't My Historic Home Be Preserved as a House Museum?

Although many people imagine their homes preserved as historic museums, we have found that in most cases private ownership by families committed to historic preservation works best. Operating a house museum with public visitation causes significant wear to the property and requires considerable expenditure. Additionally, to be viable, a museum property must possess exceptional historical and/or architectural significance.

What Will Happen to My Furnishings?

While many people bequeath some or all of the furnishings to individuals, some opt to leave their furnishings to the MHPN. Because of legal constraints, we cannot use easements to protect the furnishings that remain at a property. In the event that furnishings are given to the MHPN, we will do the following:

- Donate, as appropriate, furniture, art items, and historic papers given to the MHPN to state or local historic preservation societies.
- Arrange to sell to the home's new owners, at market value, items within the home that they would like to keep with the home. Proceeds from such a closed sale will go to the MHPN easement endowment fund or to the MHPN's general endowment.
- Auction any remaining furnishings and papers. As with proceeds from a property sale, auction proceeds will go to the MHPN easement endowment fund or to MHPN's general endowment.

Can I Surprise MHPN With a Gift of Heritage in My Will?

If you plan to bequeath your home to the MHPN, we would greatly appreciate your sending us a photocopy of the portion of your Will that names the MHPN. By reviewing the language of your bequest now, we can ensure that we understand your wishes clearly, and can honor them with no possibility of misinterpretation at some later date.

Outline of the Process

This section outlines the general process by which you can donate your home to the MHPN as a Gift of Heritage. Of course, each Gift of Heritage is unique and the process may be tailored to suit each property.

I. Mode of Donation

Once you have made the decision to donate your home to the Michigan Historic Preservation Network through the Gifts of Heritage program, you should consider the method of donation that best fits your personal and financial needs.

While we will certainly discuss with you the general financial implications of the various donation alternatives, we urge you to consult your legal or financial advisor to consider the specifics of your situation.

II. Easement Agreement and Preservation Plan

MHPN staff will work with you and your attorney to create an easement agreement that protects your home, along with the surrounding property as appropriate. The easement, which spells out the terms by which all subsequent owners of the house must preserve significant features of the property, may also include a scheduled maintenance plan. Often, such easements also require that the house be open to the public for one or two days a year and that it be available to scholars for research purposes.

MHPN staff will also create a preservation plan for the property to aid in administering the easement in the future, ensuring the property's protection. The preservation plan is suited to the individual character-defining features of the property. This plan includes, as appropriate, documentation of the architectural, historic, archeological and environmental components of the property, and any structural stabilization efforts that may be necessary.

III. Other Documentation

Our staff will review any documentation that is available and, if the donors are interested, advise them on conducting additional research and/or developing an oral or written history of the house.

IV. Ongoing Stewardship

Once we have developed the preservation plan, the MHPN searches for a preservation-minded buyer who understands the easement and is enthusiastic about abiding by its terms and restrictions. We carefully interview potential buyers to ensure that they will maintain and nurture your home, preserving it as an important component in our shared heritage. As mentioned, we reserve a

portion of the sale proceeds to establish an endowment that will allow us to ensure that the easement is protected and monitored in perpetuity. To this end, MHPN staff visits each Gifts of Heritage property annually. In addition, MHPN staff is always available for consultation on maintenance and preservation issues.

V. Use of Proceeds of Sale and Recognition of Donors

After setting aside a portion of the net proceeds for stewardship in the MHPN easement endowment, the remainder will be either deposited in the MHPN general endowment fund or utilized for preservation programs and education around the state. Of course, the MHPN will always consider specific requests by donors to use the proceeds for other preservation projects. The donor's generosity is acknowledged in the MHPN's annual report.

In Closing...

To discuss the gift option described in this document, contact the MHPN office: The Michigan Historic Preservation Network, 313 East Grand River Avenue, Lansing, MI 48906, (517) 371-8080 or FAX (517) 371-9090 or info@mhpn.org. You may also contact the MHPN's volunteer development coordinator, Janet Kreger, former Director of Major, Planned, and Special Gifts at Michigan State University, at her Ann Arbor office (734) 222-9310. Should you wish to communicate first in writing, please e-mail: kregerj1981@att.net.

This material is intended to show only some ways you can benefit the MHPN's programs and minimize your federal tax liability. You should always consult your advisors on tax-related matters affecting your specific situation. We welcome the opportunity to supply you with additional information about this method of giving and to discuss with you and your advisers how you might make a gift.

Checks and other monetary instruments should be made payable to the *Michigan Historic Preservation Network* and mailed to the address noted above. All gifts and pledges are acknowledged for your records. No goods or services are provided in return. For your convenience, a reminder will be sent on the annual date indicated for a pledge. All gifts to the Network are tax-deductible to the extent provided by law.

Thank you very much.