

From: "jeffrey E." <jeevacation@gmail.com>
To: Melanie Spinella <[REDACTED]>
Subject: Fwd: Split Interest Property Purchase
Date: Thu, 31 Jul 2014 19:10:21 +0000

tomorows news today

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From: **Ada Clapp** <[REDACTED]>
Date: Thu, Jul 31, 2014 at 3:03 PM
Subject: Split Interest Property Purchase
To: "jeffrey E." <jeevacation@gmail.com>
Cc: Eileen Alexanderson <[REDACTED]>, "Halperin, Alan S" <[REDACTED]>

Hi Jeffrey,

Richard is OK with doing the split interest purchase of the townhouse provided that we discuss with Leon (and Leon discusses with Debra) the option of Leon giving Debra the funds to do the split-interest purchase with the trust so that Debra, rather than Leon, would retain the life interest. From Richard's viewpoint, that is a better deal for the Trust because Debra has the longer life expectancy (the trust pays less to purchase the remainder). He thought that would basically put Leon in the same place Debra would be if Leon had the life estate and that Leon should be fine with that.

I pointed out to Richard that the positions were not exactly the same. Because Leon is not a beneficiary of the trust, if Debra holds the life interest and he outlives her, he will have to pay rent. In contrast, if Leon holds the life interest and Debra outlives him, the Trustees could allow her to live in the residence rent free. There may also be an issue with Leon being denied a marital deduction for the funds he gives Debra to acquire the life interest (the service may assert the step transaction argument). Alan is looking into this and will also quantify what Debra's contribution would be if she were the sole life tenant. I will get back to you once I have that information.

Ada Clapp

Elysium Management LLC

445 Park Avenue

Suite 1401

New York, New York 10022

Direct Dial: [REDACTED]

Fax: [REDACTED]

EFTA00994026

Email: [REDACTED]

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