

What's cost basis on sale of gifted home?

By Ilyce Glink
and Samuel J. Tamkin
Tribune Content Agency

Q: I have read several questions on your site related to quitclaim deeds and the cost basis when the house is sold. My question is as follows: Six years prior to her death, my mother-in-law executed a deed transfer of her home to my wife and sister-in-law. The specific wording of the deed is stated as follows: "Transfer of Ownership. The Grantor grants and conveys the property described below to the Grantee. This transfer is made for the sum of One and no/100 (\$1.00) Dollars and other good and valuable consideration."

The property was originally purchased by my mother-in-law in 2003 for the sum of \$164,000 and subsequently sold in 2017 for \$174,000. Given this

situation, for tax purposes, what is the cost basis? Does the fact that the transfer was done at \$1 does that affect the cost basis?

A: The short answer is that you should ignore the \$1 figure. In some states, the property transfer laws don't require the actual consideration to be listed in the deed of transfer. If you lived in a state that required the amount to be listed, the deed to your mom would show the \$164,000 transfer price and the sales price of \$174,000.

In states that do not require the actual consideration to be listed on the deed, the deed will show a nominal amount of consideration, say \$1 or \$10, but that amount does not reflect the actual amount the property sold for.

When you talk about the "basis" for a home, you're

using an IRS term that roughly equates to the cost of the home to you after taking into account costs of purchase, costs of sale, and capital expenses made over the years. (There are other allowable expenses, but we give those to give you a general idea.)

So if your mother-in-law gifted her home to your wife and sister-in-law, they took her "basis" when they took title to the home. Your mom's basis was the \$164,000 she paid for the home, other expenses incurred when she bought the home, any costs for selling the home, and any capital improvements she made to the property (such as a new roof, an addition, new appliances, or rebuilding mechanical systems).

For more details, please consult your tax preparer.

C. HOLT REAL ESTATE

541-567-8249



Carl D. Holt, GRI, RLI, CRS
Broker, Owner



OUT OF TOWN BUYERS 1-800-788-2915
FAX 541-567-4176 • EMAIL: cholt@eotnet.net

"Your Personal Touch Agency"

RESIDENTIAL • COMMERCIAL

256 E. Hurlburt • PO Box 908 • Hermiston, OR 97838

Located in the TJAD building, South of Main St.

PROPERTY MANAGEMENT

541-567-9395

AA MINI STORAGE

541-567-9394



Jon Hankins, Broker • (541) 763-2135 **Boyd Harris, Broker • (541) 384-5114**
Lee E. Docken, Principal Broker • (541) 571-0062
www.eastoregonrealestate.com

To see more listings: www.mtvalleylandco.com



\$65,000

Arlington

2 BED 1 BATH sits in quiet area on E. hill of Arlington. This bungalow offers 971 sq ft living space with utility area. Two storage sheds and a nice front porch area. **VIEWS – VIEWS – VIEWS.** Asking: **\$65,000** FC151-144295052 Call Boyd @ (541) 980-2312



\$85,000

CONDOM

THIS 1904 VINTAGE HOME NEEDS TLC – perfect fixer-upper. Offers 1346 sq ft living space with 3 bed, 2 bath. Propane stove. Has an extra 400 sq ft building that is livable – could be rental. Asking: **\$85,000** – FC 172/17211746



\$50,000

NEW!

FIXER UPPER – Lots of opportunity here! Built in 1905, this 2 story home offers 5 bed, 1 bath – sits on two city lots. Partial wrap-around porch adds to the charms. Asking: **\$50,000** – CASH – FC 171/16279464



\$85,000

NEW!

GREAT BUY: FOR THIS CONDOM HOME. Offers 3 bedrooms, 1 bath. Sale includes new Refer – Range/Oven. New carpeting throughout. Home is 1288 sq ft with a single car garage. Lawn, trees, front covered porch and sidewalk. Lots of value here! Call Boyd @ (541) 980-2312. Asking: **\$85,000** – FC 128/12099398



\$145,000

CONDOM

NICE 4 BED, 1 1/2 BATH HOME on city lot offer 1920 sq ft. Yard, front porch. Great shop/garage with auto opener, extra roll up door, electric lights, baked enamel walls and roof. Asking: **\$145,000** – Call Boyd @ (541) 980-2312 FC 159 / 17110901



\$319,000

John Day

NICE HOME ON 12+/- ACRES WITH JOHN DAY RIVER FRONTAGE between Service Creek and Spray. Home is 2 bed, 2 and 1/2 bath, 2133 sq. ft. with, family, kitchen, dining, kitchenette, enclosed back porch. Large unfinished basement with easy access. Deck, porch, fenced front yard, large back yard to the river bank. Small barn, sheds, pastures with JDR irrigation rights. Must see to appreciate. FC 167 Asking **\$319,000**. Call Lee @ 541-571-0062.



\$330,000

NEW!

PEACEFUL COZY RETREAT just outside Fossil, Oregon with excellent Feng Shui. 1710 sq ft. with solar, wind, propane and two wood stoves. Two story, three bedrooms. Spring water. 337.5 acres of Wildlife Sanctuary. Storage shed, perimeter & cross fenced. Unique history to land and buildings. Asking: **\$330,000** M 380 Call Boyd @ (541) 980-2312

HERMISTON REALTY



888-319-2121 or 541-567-2121
2372 N. 1st (Hwy 395) Hermiston, OR 97838



WWW.HERMISTONREALTYNOW.COM

PROPERTY HAS APPROX. 55 PENS that are an acre each in size, some with concrete feeders. Has a great shop, 5 grain bins, fenced, almost 160 acres in OPEN LAND. Seller will consider a contract with a substantial down. **\$899,000** Call Donn 541-571-2121 RMLS#16321063

LOOKING FOR A GREAT HOMESITE WITH WATER RIGHTS and also private. Umatilla School District and Hermiston address. Look no further for a home site and irrigated land. 6 acres of water rights from hid. Seller would consider a short term contract with \$25,000 down...get the property and then build your home or pick out a beautiful manufactured home...**\$147,500**. Call **DONN** 641-571-2121. RMLS# 15050659

ENTRANCE FROM PUNKIN CENTER AND HWY 395. Cyclone fence on south property line adjacent to United Rental and Directly east of Hermiston Realty. No improvements. **\$128,990** RMLS# 13139824 Call **DONN** 541-571-2121

PRICE REDUCED! WOW... 7 acreage zoned R-4 with water rights and located edge of Hermiston ripe to incorporate and develop. East side of Hermiston. Buyer to annex into city at time of purchase or time to develop. Seller is partitioning four acres from 11 acres and retaining the improved east side of the acreage. Call **DONN** 541-571-2121. **\$595,950** RMLS # 16654781

LOCATED ACROSS FROM RIVER VIEW SUBDIVISION ON POWERLINE AND PINE TREE LANE. Water, sewer, power available. 2.33 acreage with possible owner carry contract. Overhead power lines makes part of the property NO buildings. **\$79,500** RMLS# 17638629 call **DONN** 541-571-2121

THIS PROPERTY IS FOR DEVELOPERS, INVESTORS, CONSIDER PROVIDING NEEDED INVENTORY. This property comes with views of The Columbia River, rolling hills, storm watching & Oregon/Washington bridge. It's a hwy 730 commute, a crossroads to Hwy 82. This 9.54 acres of Umatilla's South Hill will develop with return with the surrounding industrious growing communities. Powerline Rd (South Hill) take Madison-W-McFarland-Right-Roos-evelt-left-field **\$150,000** RMLS# 16473491 Call **DONN** 541-571-2121

LOOKING FOR 1.75 ACRES FOR A COMMERCIAL ENDEAVOR PRICED TO SELL. Located in the heart of McNary. Great visibility. Seller will consider owner's contract with 25% down on approved credit. Invest now while the price is right. **\$99,900** Call **DONN** 541-571-2121 RMLS#17674638

HERE THE OWNER WILL CONSIDER A CONTRACT WITH A DOWN... Suitable to both parties. Don't wait and say in two years "I had the opportunity to buy that with a little down...and now look how much it is worth." Call today to make an offer that will work for you. **\$129,900**. Call **DONN** 541-571-2121 RMLS#17136535

