

UNLOCKING THE REAL ESTATE DONATION CHANNEL

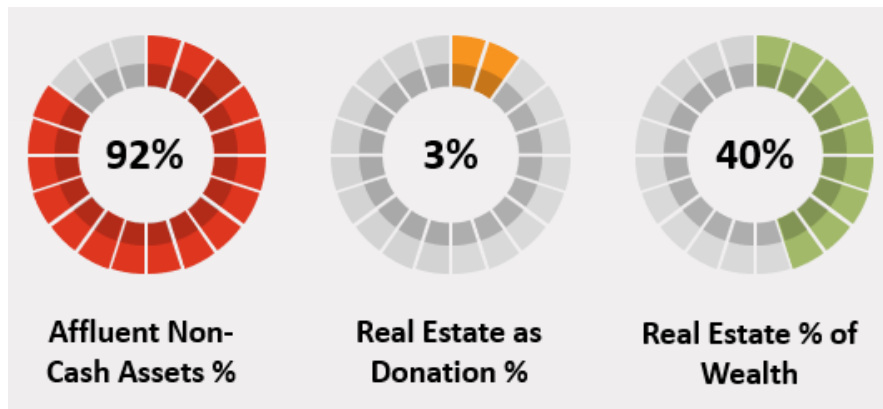


***THE LARGEST DONATION
GROWTH OPPORTUNITY LEFT***



REAL ESTATE DONATION OPPORTUNITY:

In a typical year, donors give charities more than \$400 billion in total gifts (2.1% of GDP) with 30% going to religious organizations. However, less than 3 percent of donations are in the form of real estate equities, even though more than 40 percent of the nation's wealth is in real estate. That disconnect represents the **greatest untapped source** of potential donations to serve the needs of our citizens.



Affluent donor assets are held in 'non-cash' positions and real estate is clearly the most overlooked category for donation growth.

Opportunity



Less than 3% of gifts in form of real estate....

despite 40% of nation's wealth held in real estate

MOST REAL ESTATE DONATIONS ARE REJECTED

- Will Not Take Title to Real Estate
- Complex Approval/Governance with Asset Sales
- Environmental Risk
- Lack of Property Management Ability
- Complex Property Underwriting Not a Staff Skillset
- Risk of Ownership/Loss High
- No Cash to Pay Closing Costs/Liens

Few charities are equipped to accept real estate donations due to significant ownership risk, operating costs of managing real estate assets, lack of immediate liquidity and legal avoidance of taking title (a mandate for donor tax deduction). For the handful that do, most miss out on large donation opportunities because they cherry-pick the free and clear assets and avoid complicated transactions.





REAL ESTATE DONATIONS SHOULD BE OUTSOURCED

The only way to say YES to all viable donation scenarios is to outsource.

Scenario	Typical Internal Team	Zetabid/CARS Outsourced Model
Low Value No Mortgage (Land)	✓	✓
Residential	?	✓
Commercial	No	✓
Mortgaged Assets	No	✓
High Value/Complex	No	✓
Assets Requiring Cash (Liens/brokers)	No	✓
Partial Equity Donations	No	✓

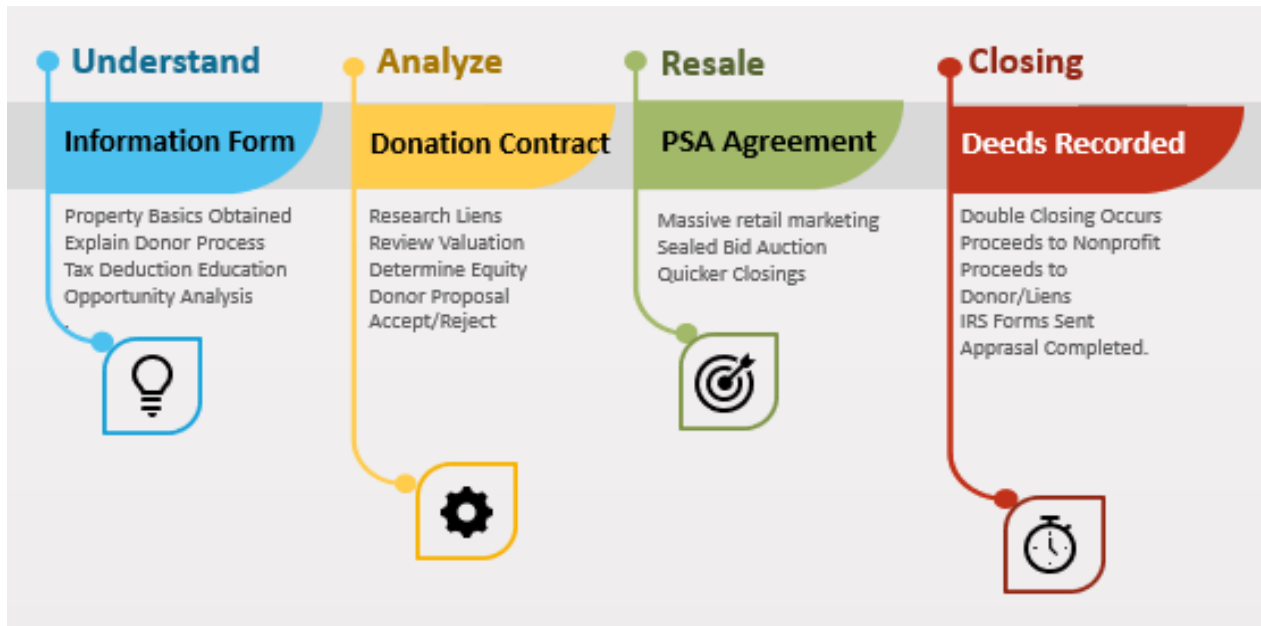
Outsourcing Benefits:

- Avoid Taking Title to Real Estate (CARS does)
- Accept High Value Donations (w/ mortgage, w/cash back to seller)
- Professional Asset Screening and Underwriting
- Quick Liquidity with Asset Sales (1 to 3 months)
- No Inhouse Staff Overhead
- Do Not Lose a Donor to Another Nonprofit- Donors Will Seek Other Options
- Maximum Flexibility of Asset Type Yields Great Conversion
- All Real Estate Risk and Management Off-loaded

Zetabid and our partner 501c3 CARS (careasy.org), the largest third-party vehicle donation firm representing over 2,000 nonprofits, can handle any transaction type and create far more donation conversions for our nonprofit clients.

OUR PROCESS

- Real estate donations are solicited.
 - *Website, email, newsletters, social media, etc.*
- Donor handoff via webform, referral, or call transfer
- Opportunity screened (equity and deduction value) and lead saved in CRM.
- Asset researched with national title partner for liens and valuation.
- Donor proposal sent showing deduction potential, lien payoffs and cash back to donor.
- Donation contract sent to donor with a closing in 30-90 days (Between CARS and donor)
- Asset placed for sale with a broker in a bid deadline format (sealed bid auction) with massive marketing to yield highest price.
- Double closing initiated using the market buyer proceeds to pay off all liens and provide any cash back using the IRS Section 170 structure.
- Deeds are recorded on both closings (donor to CARs, CARs to market buyer) providing IRS compliance and keeping the nonprofit client 'off' title.
- IRS forms 8282 and 8283 executed with donor.
- Funds provided to donor to complete an appraisal to establish deduction amount (along with guidance on maximizing the appraisal via IRS Publications on Gift Appraisals)
- 80% of sales net proceeds (after normal real estate closing costs) delivered to nonprofit (20% retained by CARs)



The Donor Experience

Examples of our current donor real estate landing pages are linked below:

Make A Wish: <https://wish.org/la/donate-real-estate>

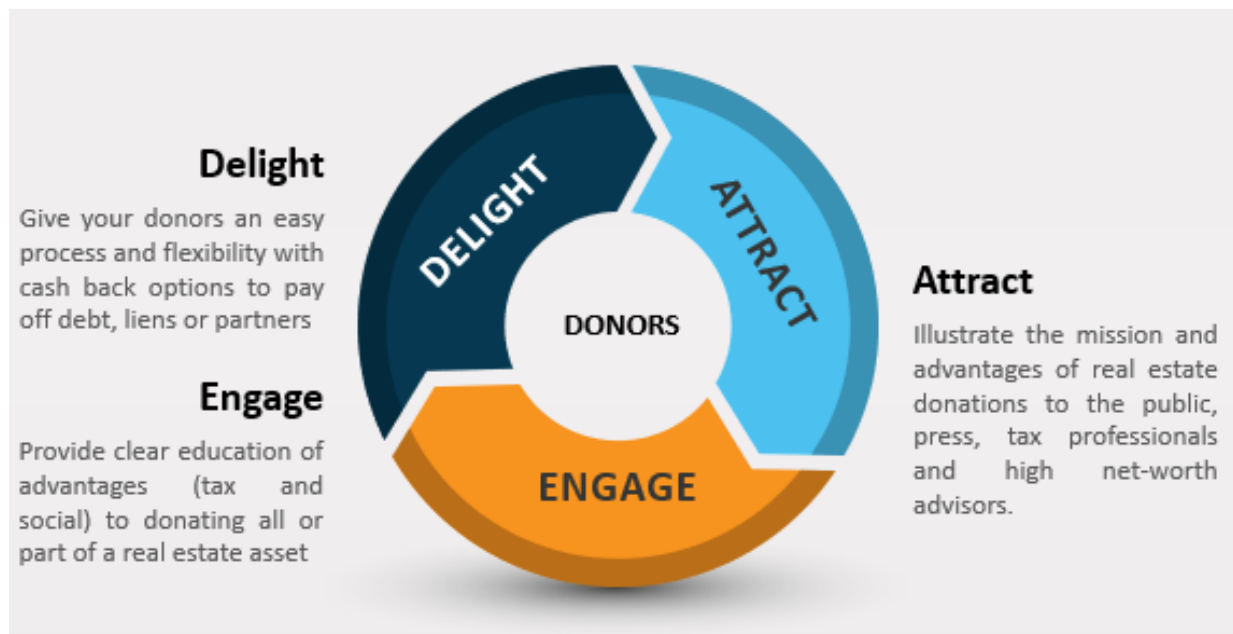
DAV.org: <https://dav.careasy.org/real-estate-donation#realestate-form>

Current nonprofits asset sales:

<https://charityauctionnetwork.org/properties/>

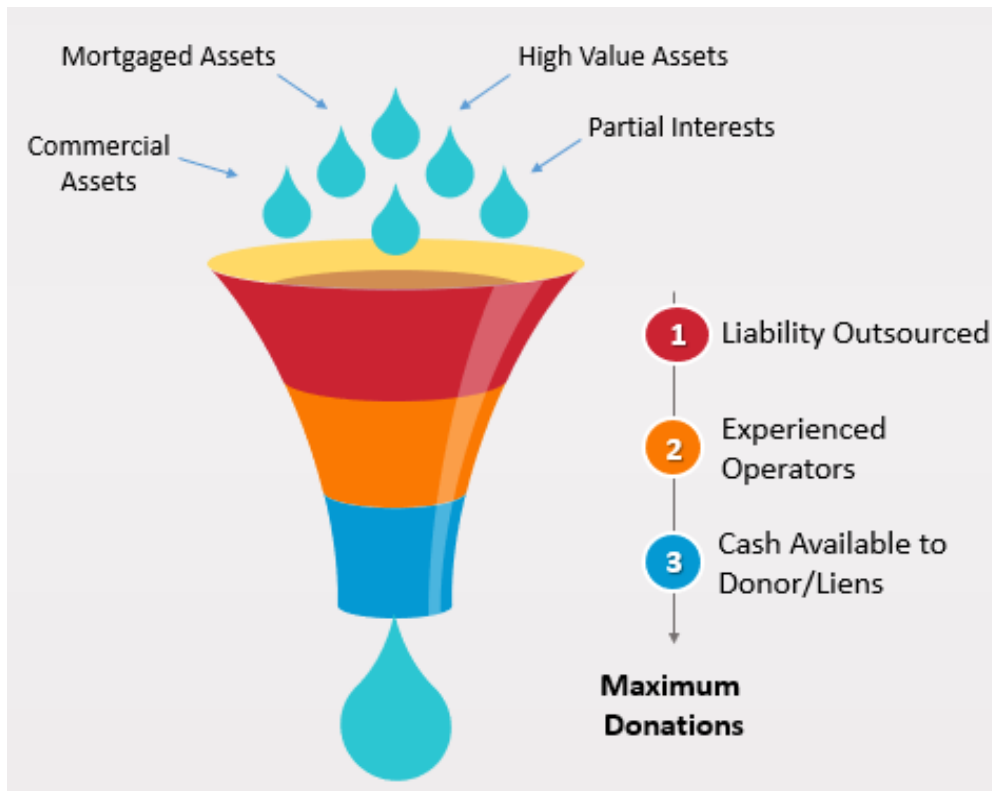
Assets from \$5,000 to \$25,000,000

We offer a 'white glove' donor experience with quick response (operate a call center) and easy to understand educational donation proposals guiding donors through the process. All the transactional heavy lifting and IRS reporting is managed by us and donors are advised how to maximize their tax deduction with an independent appraiser.



Summary:

- Real estate donations are currently avoided by most nonprofits but represent the greatest potential for growth.
- Real estate is too complicated and risky for internal management (with a few exceptions).
- Outsourcing real estate donations allows conversion of all types of high value assets and avoids all ownership risk.
- Zetabid and CARs have perfected the real estate donation process (CARs has also perfected vehicle donation channel) and possesses a stellar client roster and fully vetted.
- There is NO upfront cost or long-term obligation to participate in the program.
- Complete transparency with reporting of all donor status and sales documents.





About Us

Zetabid: Executives and Founding Investors

Zetabid is a national real estate advisory and auction firm with a division specializing in the nonprofit space (charityauctionnetwork.org) and was founded in 2008 by real estate icon Sam Zell as CEO of the Tribune Company (via Los Angeles Times Media Group), and Hal Ellis who founded the commercial and residential brokerage Grubb and Ellis (now Newark Knight Frank). Zetabid was a large-scale auction platform built to address the mortgage crisis selling bank owned homes for seven of the largest mortgage servicers and federal government. Zetabid principals invented the large-scale ball room real estate auction format for the FDIC (RTC) in Dallas TX circa 1992 selling \$450M worth of commercial real estate over two days (Ross-Dove company with Grubb & Ellis).



[LINK](#)

Other investors who owned shares in Zetabid included: The Charles Schwab Company, Bain and Company and Marcus and Millichap. Zetabid principals have tremendous experience in the industry and can handle any situation. Zetabid is currently owned by Michael Davin who is also an original co-founder, 35-year broker and Grubb & Ellis alumnus. It operates the charity division under charityauctionnetwork.org.



Los Angeles Times

FAQ Online: <https://zetabid.com/donation-faq/>



CARS (CHARITABLE ADULT RIDES & SERVICES)

CARS (Charitable Adult Rides & Services) is a nationally recognized social enterprise nonprofit that helps thousands of nonprofits in the US and Canada increase their fundraising and acquire new contributors through turn-key vehicle and real estate donation programs. Since 2003, CARS has returned more than \$300 million to our partners. CARS also reinvest in our community by providing meals and transportation solutions to seniors each year through a program called On the Go.

CARS is a 501c3 which takes title and executes the real estate contacts on behalf of the referring nonprofit and returns 80% of the proceeds.

Major clients include:



A full list can be found here: <https://careasy.org/choose-a-nonprofit>

Contact

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Case Studies


Two Current Examples: Anticipated Donations \$400,000 Each




SEALED BID AUCTION
OCTOBER 2020 | MINIMUM BID: \$25,000,000

PRIME RETAIL BUILDING | CREDIT TENANTS
BROOKLYN'S MIDWOOD NEIGHBORHOOD

43,318 SF | 0.64 ACRES | 5.7% CAP RATE
1100 - 1114 Kings Hwy, Brooklyn, NY 11229




Nonprofit- Chabad New Jersey



SEALED BID AUCTION
DECEMBER 2020 | MINIMUM BID: \$5,650,000

CROSSROADS CENTER
RETAIL BUSINESS PARK | MINI STORAGE

164,480 SF | 18.4 ACRES | 11.1% CAP RATE
939-946 W Andrews Ave, Henderson, NC 27536



Nonprofit: Kerr Vance Academy NC

Recent Sale

Bourvier Bridge Marina

Lake St. Clair MI



Zetabid working with Colliers International introduced the IRS Section 170 Bargain Sale structure to a high-net-worth marina developer who was losing money operating the 120-slip marina. Zetabid structured a Bargain Sale with cash going to the owner to cover all closing costs and liens. A national marketing program soliciting all marina operators in the US was conducted with a sealed bid auction. A cash buyer was found to affect a closing in 30 days.

The seller obtained an IRS gift appraisal (using different guidelines than a typical mortgage appraisal) which generated after tax proceeds greater than the market value. Project USA (a FL nonprofit) generated a \$475,000 gross donation amount at closing.