

625.0000 PARENT-CHILD TRANSFER

ANNOTATION 625.0235.005

[625.0235.005 \(../../../../../proptaxes/pdf/625_0235_005b.pdf\)](#) **Trusts—Share and Share Alike.** A trustee who elects to make a non pro rata distribution of trust real property to one beneficiary may equalize the value of the other beneficiaries' interests in the trust assets **by encumbering the real property with a loan and distributing the loan proceeds to the other beneficiaries.** If the beneficiary of the real property is the trustor's child, then the parent-child exclusion would be applicable to the full extent of the value of the real property provided all other statutory requirements are met. However, **a loan made by the beneficiary of the real property rather than the trustee in order to equalize the trust interests would be considered payment for the other beneficiaries' interests in the real property resulting in a transfer between beneficiaries.** In that event, the parent-child exclusion would not apply to the interests transferred between beneficiaries. C 8/4/2003; C 9/5/2007; C 2/19/2009.