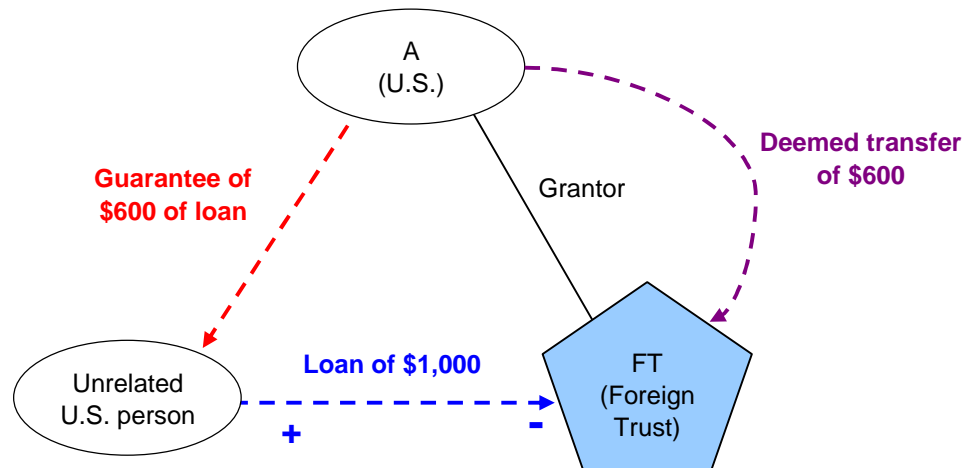


**Reg. 1.679-3(e)(5),
Example 2**

**Deemed Transfer to a Foreign Trust:
Guarantee of U.S. Lender's Loan**

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⬠ Means a trust

A is a U.S. resident and FT is a foreign trust. X, a U.S. person that is not a related person, loans 1000X of cash to FT in exchange for FT's obligation to repay the loan. A guarantees the repayment of 600X of FT's obligation. A is treated as having transferred 600X to FT.

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