A is a U.S. resident and FT is a foreign trust. A transfers property that has a fair market value of 5000X to FT in exchange for an obligation of the trust. The term of the obligation is 3 years. A is a related person (as defined in Reg. 1.679-1(c)(5)) with respect to FT.

Assuming the other requirements of Reg. 1.679-4(d)(1) are satisfied, the obligation is a qualified obligation and its adjusted issue price is taken into account for purposes of determining whether A's transfer is eligible for the fair market value exception of Reg. 1.679-4(a)(4).