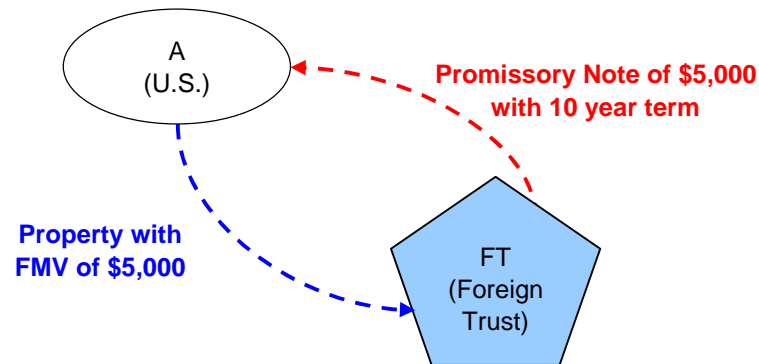


**Reg. 1.679-4(d)(7),  
Example 4**

**Transfer of Property to Foreign  
Trust for 10 year Term Obligation**

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◡ Means a trust

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 ten years. A is a related person (as defined in Reg. 1.679-1(c)(5)) with respect to FT. Because the term of the obligation is greater than five years, the obligation is not a qualified obligation and, it is not 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). Accordingly, Reg. 1.679-1 applies and A is treated as the owner of FT with respect to the full 5000X transfer to FT.

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