YEAR

2006 **Real Estate Withholding Certificate**

CALIFORNIA FORM

593-C

Part I - Seller's Information **Return this form to your escrow company**

Name (including spouse, if jointly owned - see instructions - type or print)		SSN, FEIN or CA Corporation no.
		Spouse's SSN (if jointly owned)
Address (number and street)	Private Mailbox no.	
City State	Zip Code	**Note:** If you do not furnish your tax ID number this certificate is void and withholding is required.
Property address (if no street address, provide parcel number and county) 5215 Sepulveda Boulevard, # 7D, Culver City, CA 90230		Ownership Percentage %

Read the following and check the appropriate boxes. (See line-by-line notes in the instructions.)

Part II - Certifications which fully exempt the sale from withholding:

		YES	NO
1.	Does the property qualify as the seller's (or decedent's, if being sold by the decedent's estate) principal residence within the meaning of Internal Revenue Code (IRC) Section 121?	[ ]	[ ]
2.	Did the seller (or decedent, if being sold by the decedent's estate) last use the property as the seller's (decedent's) principal residence within the meaning of IRC Section 121 without regard to the two-year time period?	[ ]	[ ]
3.	Will the seller have a loss or zero gain for California income tax purposes on this sale? (To check "YES", you must complete Form 593-L, *Real Estate Withholding - Computation of Estimated Gain or Loss,* **and** have a loss or zero gain on line 16.)	[ ]	[ ]
4.	Is the property being compulsorily or involuntarily converted and does the seller intend to acquire property that is similar or related in service or use to qualify for nonrecognition of gain for California income tax purposes under IRC Section 1033?	[ ]	[ ]
5.	Will the transfer qualify for nonrecognition treatment under IRC Section 351 (transfer to a corporation controlled by the transferor) or IRC Section 721 (contribution to a partnership in exchange for a partnership interest)?	[ ]	[ ]
6.	Is the seller a corporation (or an LLC classified as a corporation for federal and California income tax purposes) that is either qualified through the California Secretary of State or has a permanent place of Business in California?	[ ]	[ ]
7.	Is the seller a partnership (or an LLC that is classified as a partnership for federal and California income tax purposes and is not a disregarded single member LLC) with recorded title to the property in the name of the partnership or LLC? (If yes, the partnership or LLC must withhold on nonresident partners or members as required.)	[ ]	[ ]
8.	Is the seller a tax-exempt entity under either California or federal law?	[ ]	[ ]
9.	Is the seller an insurance company, individual retirement account, qualified pension/profit sharing plan, or charitable remainder trust?	[ ]	[ ]

Part III - Certifications that may partially or fully exempt the sale from withholding:

Escrow Officer: See instructions for amounts to withhold.

		YES	NO
10.	Will the transfer qualify as a simultaneous like-kind exchange within the meaning of IRC Section 1031?	[ ]	[ ]
11.	Will the transfer qualify as a deferred like-kind exchange within the meaning of IRC Section 1031?	[ ]	[ ]
12.	Will the transfer of this property be an installment sale that you will report as such for California tax purposes **and** has the buyer agreed to withhold on each principal payment instead of withholding the full amount at the time of transfer?	[ ]	[ ]

Part IV - Seller's Signature

Under penalties of perjury, I hereby certify that the information above is, to the best of my knowledge, true and correct. If conditions change, I will promptly inform the withholding agent. I understand that completing this form does **not** exempt me from filing a California income or franchise tax return to report this sale.

Seller's Name and Title______________________ Seller's Signature ______________________ Date __________

Spouse's Name ______________________ Spouse's Signature ______________________ Date __________

Seller: If you checked "YES" to **any** question in Part II, you are exempt from real estate withholding.
If you checked "YES" to **any** question in Part III, you may qualify for a partial or complete withholding exemption.
If you checked "NO" to **all** of the questions in Part II and Part III, the withholding will be 3 1/3 percent of the total sales price.
If you are withheld upon, the withholding agent should give you two copies of Form 593-B, *Real Estate Withholding Tax Statement.* Attach one copy to the lower front of your California income tax return and keep the other copy for your records.

Instructions for Form 593-C

Real Estate Withholding Certificate

Purpose

Use this form to determine if you meet any of the exemptions to

Note: If only a portion of the property qualifies as your principal residence, insert the percentage allocated to the principal residence withholding.

Note: Qualifying for an exemption from withholding or being withheld upon does not relieve you of your obligation to file a California tax return and pay any tax due on the sale of the California real estate.

Part I Seller's Information

Name, Address, and Taxpayer Identification Number

Enter the name, address, and tax identification number of the seller or other transferor. If the seller does not provide a tax ID number, then Form 593-C is void, and withholding is required.

If the seller is an individual, enter the social security number (SSN). If the sellers are husband and wife and plan to file a joint return, enter the name and SSN for each spouse. Otherwise, do not enter information for more than one seller. Instead, complete a separate Form 593-C for each seller.

If the seller is a revocable trust, enter the grantor's individual name and SSN. For tax purposes, the revocable trust is transparent and the individual seller must report the sale and claim the withholding on their individual tax return. If the trust was a revocable trust that became irrevocable upon the grantor's death, enter the name of the trust and the trust's federal employer identification number (FEIN). **Do not enter the decedent's or trustee's name or social security number.**

If the seller is an irrevocable trust, enter the name of the trust and the trust's federal employer identification number (FEIN). **Do not enter trustee information.**

If the seller is a single member, disregarded LLC, enter the name and tax identification number of the single member.

Escrow Officer: If you choose to provide a copy of Form 593-C to the buyer, you may delete the seller's tax identification number on the buyer's copy.

Ownership Percentage

Enter your ownership percentage rounded to two decimal places (e.g. 66.67%). If you are on title for incidental purposes and you have no financial ownership, enter 0.00 and skip to Part IV. You will not be withheld upon.

Examples of sellers who are on title for incidental purposes are:

- Co-signors on title (e.g., parents co-signed to help their child qualify for the loan).
- Family members on title to receive property upon the owner's death.

Part II Certifications That Fully Exempt Withholding

Line 1 - Principal Residence

To qualify as your principal residence under Internal Revenue Code (IRC) Section 121, you (or the decedent) generally must have owned and lived in the property as your main home for at least two years during the five-year period ending on the date of sale.

Military and Foreign Service, see FTB Pub. 1032, Tax Information for Military Personnel.

You can only have one main home at a time. If you have two homes and live in both of them, the main home is the one you lived in most of the time.

There are exceptions to the two-year rule if the primary reason you are selling the home is for a change in the place of employment, health, or unforeseen circumstances such as death, divorce, or loss of job, etc. For more information about what qualifies as your principal residence or exceptions to the two-year rule, get IRS Publication 523, *Selling Your Home.* You can get this publication by accessing the Internal Revenue Service's Website at **www.irs.gov**, or by calling the IRS at (800) 829-3676.

in the space above line 1 and inform the escrow person.

The allocation method should be the same as the seller used to determine depreciation.

Decedent's Estate: If the property was held in the decedent's revocable trust that became irrevocable upon the decedent's death, then the trust becomes a taxable entity separate from the decedent. However, the principal residence exemption may be claimed if both of the following statements are true:

a. The decedent would have qualified for the principal residence exemption, and
b. Both the executor of the estate and the trustee of the trust are electing to treat the trust as part of the estate under IRC Section 645. (Federal Form 8855, Election to Treat a Qualified Revocable Trust as Part of an Estate, is used to make the election.)
   If the IRC Section 645 election will be made, the estate is considered the seller for withholding purposes and the executor can certify that the estate meets the principal residence exemption. The executor or trustee should write at the bottom of the Form 593-C, Real Estate Withholding Certificate to indicate that the trust is electing to be included in the estate under IRC Section 645.

If the trust was created as an irrevocable trust or became irrevocable prior to the grantor's death, then the principal residence exemption cannot be claimed.

Line 2 - Property last used as your principal residence

If the property was last used as the seller's or decedent's principal residence within the meaning of IRC Section 121 without regard to the two-year time period, no withholding is required. If the last use of the property was a vacation home, second home or rental, you do not qualify. You must have lived in the property as your main home. If you have two homes and live in both of them, the main home is the one you lived in most of the time.

Decedent's Estate: If the property was held in the decedent's revocable trust that became irrevocable upon the decedent's death, then the trust becomes a taxable entity separate from the decedent. However, the last use exemption may be claimed if both of the following statements are true:

a. The decedent would have qualified for the last use exemption, and
b. Both the executor of the estate and the trustee of the trust are electing to treat the trust as part of the estate under IRC Section 645. (Federal Form 8855, Election to Treat a Qualified Revocable Trust as Part of an Estate, is used to make the election.)
   If the IRC Section 645 election will be made, the estate is considered the seller for withholding purposes and the executor can certify that the estate meets the last use exemption. The executor or trustee should write at the bottom of the Form 593-C, Real Estate Withholding Certificate, to indicate that the trust is electing to be included in the estate under IRC Section 645.

If the trust was created as an irrevocable trust or became irrevocable prior to the grantor's death, then the last use exemption cannot be claimed.

Line 3 - Loss or Zero Gain

You have a loss or zero gain for California income tax purposes when the amount realized is less than or equal to your adjusted basis. **You must complete Form 593-L, Real Estate Withholding - Computation of Estimated Gain or Loss, and have a loss or zero gain on line 16 to certify that you have a loss or zero gain on this sale.**

You may not certify that you have a net loss or zero gain just because you do not receive any proceeds from the sale or because you feel you are selling the property for less than what it is worth.

Line 4 - Involuntary Conversion
The property is being involuntarily or compulsorily converted when:
- The California real property is transferred because it was (or threatened to be) seized, destroyed, or condemned within the meaning of IRC Section 1033, and
- The transferor (seller) intends to acquire property that is similar or related in service or use in order to be eligible for nonrecognition of gain for California income tax purposes.

Get IRS Publication 544, Sales and Other Dispositions of Assets, for more information about involuntary conversions.

Line 5 - Non-recognition Under IRC Sections 351 or 721
The transfer must qualify for nonrecognition treatment under IRC Section 351 (transferring to a corporation controlled by transferor) or IRC Section 721 (contributing to a partnership in exchange for a partnership interest).

Escrow Officer: If, during the escrow, an individual seller transfers title to a corporation or partnership and then the corporation or partnership transfers title to the buyer, then there are two transfers for withholding purposes. Accordingly, two separate Forms 593-C should be completed. The individual must complete one form, for the transfer to the corporation or partnership. The corporation or partnership must complete the other form, for the transfer to the buyer.

Line 6 - Corporation
A corporation has a permanent place of business in California if:
- It incorporated in California;
- It is qualified to transact business in California through the California Secretary of State; or
- It will maintain and staff a permanent office in California immediately after the sale.
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Line 7 - Partnership or Limited Liability Company (LLC)
Withholding is not required if the recorded title to the property being transferred is in the name of a partnership. However, partnerships must withhold on nonresident partners. (Get FTB Pub. 1017, Nonresident Withholding Partnership Guidelines, for more information.)
Withholding is not required if the recorded title to the property is in the name of an LLC that:
- Is classified as a partnership for federal and California income tax purposes; and
- Is not a single member LLC that is disregarded for federal and California income tax purposes.

If the LLC meets these conditions, the LLC must still withhold on nonresident members. (Get FTB Pub. 1017, Nonresident Withholding Partnership Guidelines, for more information.)

Note: If the LLC is a single member LLC that is disregarded for federal and California income tax purposes, then that single member is considered to be the seller and the one on title for withholding purposes. If the member is an individual, complete the form as that individual. If the member is a corporation, complete the form as that corporation. If the member is a partnership or LLC, complete the form as that partnership or LLC; etc.

Note: When completing Form 593-C as the single member of a disregarded LLC, write on the bottom of the form that the information on the form is for the single member of the LLC so that your escrow officer will understand why it is different from the recorded title holder.
If the LLC is classified as a corporation for federal and California income tax purposes, then the seller is considered to be a corporation for withholding purposes. Refer to Line 6.

Line 8 - Tax Exempt Entity
Withholding is not required if the seller is tax-exempt under either California or federal law (e.g. religious, charitable, educational, not for profit organizations, etc.).

Line 9 - Insurance Company, Individual Retirement Account, Qualified Pension or Profit-Sharing Plan, or Charitable Remainder Trust
Withholding is not required when the seller is an insurance company, individual retirement account, qualified pension or profit-sharing plan, or a charitable remainder trust.

Part III Certifications That May Partially or Fully Exempt Withholding.

Complete Part III only if you did not meet any of the exemptions in Part II. If you met an exemption in Part II, skip to Part IV.

Line 10 - Simultaneous Exchange
If the California real property is part of a simultaneous like-kind exchange within the meaning of IRC Section 1031, the transfer is exempt from withholding. However, if the seller receives taxable proceeds (boot) exceeding $1,500 from the sale, the withholding agent must withhold on the boot.

Line 11 - Deferred Exchange
If the California real property is part of a deferred like-kind exchange within the meaning of IRC Section 1031, the sale is exempt from withholding at the time of the initial transfer. However, if the seller receives taxable proceeds (boot) exceeding $1,500 from the sale, the withholding agent must withhold on the boot.
The intermediary or accommodator must withhold on all cash or cash equivalent (boot) it distributes to the seller if the amount exceeds $1,500. If the exchange does not take place or if the exchange does not qualify for nonrecognition treatment, the intermediary or accommodator must withhold 3 1/3 percent of the total sales price.

Line 12 - Installment Sale
Generally, withholding is required on the total sales price even if the sale is being completed as an installment sale. However, the buyer may agree to withhold on each principal payment instead of withholding the full amount at the time of sale. **The buyer must complete Form 593-I, Real Estate Withholding Installment Sale Agreement to defer any of the withholding.**
Form 593-I must be attached to Form 593-B, Real Estate Withholding Tax Statement, when the withholding on the down payment is sent to the Franchise Tax Board.
Note: If you do not wish to defer withholding, do not ask the buyer to complete Form 593-I.

Part IV Seller's Signature

You must sign this form and return it to your escrow officer by the close of escrow for it to be valid. Otherwise, the withholding agent must withhold the full 3 1/3 percent of the total sales price. **Any transferor (seller) who, for the purpose of avoiding the withholding requirements, knowingly executes a false certificate is liable for a penalty of $1,000 or 20 percent of the required withholding amount, whichever is greater.**