

AA-3

(b) The property was directly applied to charitable uses. (c) Donor control of the business ceases.

These three occurrences are called "qualifying actions". Until one of these qualifying actions occurs there would be (a) No charitable deduction. (b) No recognition of a gift. (c) Property would be included in the donor's gross estate.

V. Restrictions should be placed on financial transactions unrelated to the foundation's charitable functions.

A.. Borrowing

All borrowing for investment purposes would be prohibited.

B. Loans

Loans of private foundations should be limited to categories which are clearly necessary, safe and appropriate for charitable fiduciaries.

C. Trading and Speculation

All trading and speculating, either with corpus or income, should be prohibited.

VI. After the first 25 years, donor related parties should make up no more than 25 percent of the managing board of the foundation.

ADDITIONAL PROPOSALS

A. No deduction (or recognition of contribution) for unproductive property will be recognized until that property is (a) made productive; (b) disposed of; (c) applied to charitable uses.

B. Any contribution will be diminished by the amount of ordinary income which the donor would