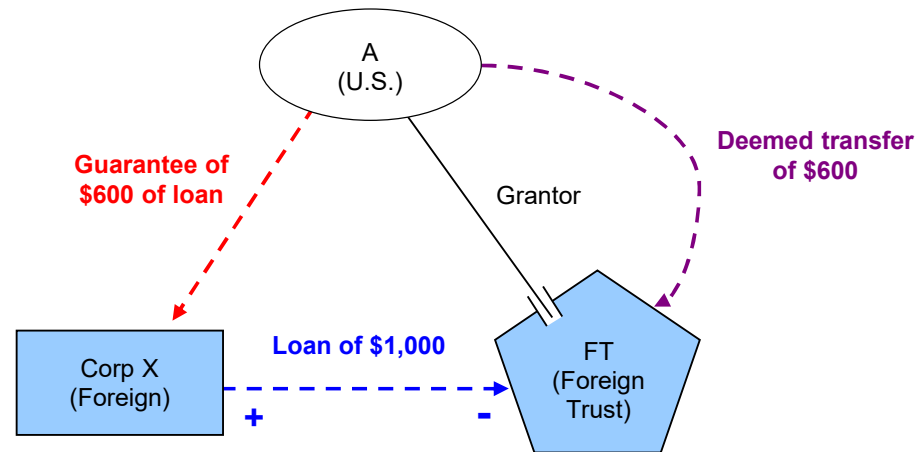


**Reg. 1.679-3(e)(5),  
Example 1**

**Deemed Transfer to a Foreign  
Trust: Guarantee of Loan**

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|| Means grantor trust with respect to that person

A is a U.S. resident and FT is a foreign trust. Foreign lender, X, a foreign corporation, 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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