

(1) OF THAT PORTION OF REAL PROPERTY USED OR AVAILABLE FOR USE BY A BENEFICIARY AS A RESIDENCE OR OF TANGIBLE PERSONAL PROPERTY HELD OR MADE AVAILABLE FOR THE PERSONAL USE OR ENJOYMENT OF A BENEFICIARY;

(2) DURING THE ADMINISTRATION OF A DECEDENT'S ESTATE; OR

(3) UNDER THIS SECTION IF THE TRUSTEE IS ACCOUNTING UNDER § 15-510 OF THIS SUBTITLE FOR THE BUSINESS OR ACTIVITY IN WHICH THE ASSET IS USED.

(C) AN AMOUNT TRANSFERRED TO PRINCIPAL NEED NOT BE HELD AS A SEPARATE FUND.

15-526. TRANSFERS FROM INCOME TO REIMBURSE PRINCIPAL.

(A) IF A TRUSTEE MAKES OR EXPECTS TO MAKE A PRINCIPAL DISBURSEMENT DESCRIBED IN THIS SECTION, THE TRUSTEE MAY TRANSFER AN APPROPRIATE AMOUNT FROM INCOME TO PRINCIPAL IN ONE OR MORE ACCOUNTING PERIODS TO REIMBURSE PRINCIPAL OR TO PROVIDE A RESERVE FOR FUTURE PRINCIPAL DISBURSEMENTS.

(B) PRINCIPAL DISBURSEMENTS TO WHICH SUBSECTION (A) APPLIES INCLUDE THE FOLLOWING, BUT ONLY TO THE EXTENT THAT THE TRUSTEE HAS NOT BEEN AND DOES NOT EXPECT TO BE REIMBURSED BY A THIRD PARTY:

(1) AN AMOUNT CHARGEABLE TO INCOME BUT PAID FROM PRINCIPAL BECAUSE IT IS UNUSUALLY LARGE, INCLUDING EXTRAORDINARY REPAIRS;

(2) A CAPITAL IMPROVEMENT TO A PRINCIPAL ASSET, WHETHER IN THE FORM OF CHANGES TO AN EXISTING ASSET OR THE CONSTRUCTION OF A NEW ASSET, INCLUDING SPECIAL ASSESSMENTS;

(3) DISBURSEMENTS MADE TO PREPARE PROPERTY FOR RENTAL, INCLUDING TENANT ALLOWANCES, LEASEHOLD IMPROVEMENTS, AND BROKER'S COMMISSIONS;

(4) PERIODIC PAYMENTS ON AN OBLIGATION SECURED BY A PRINCIPAL ASSET TO THE EXTENT THAT THE AMOUNT TRANSFERRED FROM INCOME TO PRINCIPAL FOR DEPRECIATION IS LESS THAN THE PERIODIC PAYMENTS; AND

(5) DISBURSEMENTS DESCRIBED IN § 15-524(A)(9) OF THIS SUBTITLE.

(C) IF THE ASSET WHOSE OWNERSHIP GIVES RISE TO THE DISBURSEMENTS BECOMES SUBJECT TO A SUCCESSIVE INCOME INTEREST AFTER AN INCOME INTEREST ENDS, A TRUSTEE MAY CONTINUE TO TRANSFER AMOUNTS FROM INCOME TO PRINCIPAL AS PROVIDED IN SUBSECTION (A) OF THIS SECTION.

15-527. INCOME TAXES.

(A) A TAX REQUIRED TO BE PAID BY A TRUSTEE BASED ON RECEIPTS ALLOCATED TO INCOME SHALL BE PAID FROM INCOME.