

REAL ESTATE GIFTS ACCEPTANCE POLICY

I. INFORMATION TO OBTAIN PRIOR TO ACCEPTING GIFTS

A. Donor, including Donor's Attorney, Realtor, and/or CPA should provide the following information to the Foundation before a property is accepted.

- 1 BASIC INFORMATION. The basic information should include the following: (1) address; (2) assessor's parcel numbers; (3) lot size or acreage; (4) description on any building (such as nature, age, prior uses); (5) copy of current year's tax bill; and, (6) any other information which would be relevant to the Foundation.
- 2 PRELIMINARY TITLE REPORT. Donor should be requested to provide to the Foundation a current preliminary title report on the property, including copies of all documents shown as exceptions to title on the report. If the Donor does not wish to provide it, the Foundation should obtain it. The Foundation should develop a close relationship with one or two national title companies, so preliminary title reports can be obtained at minimal cost. Upon the transfer of real property to the Foundation, the Foundation shall receive a policy of title insurance.
- 3 MARKET VALUE. The Donor should be asked to provide the Foundation with a recent appraisal, or, if none is available, a value opinion letter from a local Realtor.
- 4 CURRENT MARKET CONDITIONS. The Donor or Donor's Realtor should provide a comparative market analysis of parcels in the same area as the property.
- 5 DISCLOSURE.
 - a. By utilizing the "real estate transfer disclosure state form" the Donor can organize information about the property.
 - b. Environment Problems. The Donor should be asked if he/she is aware of any known or potential environmental problems within the area where the property is located. For example, the Foundation should ask if the Donor knows of any problem regarding:
 - (1) hazardous waste;
 - (2) excessive noise;
 - (3) polluted air;
 - (4) polluted water, streams, ground water;
 - (5) seismic faults;
 - (6) endangered species;
 - (7) any other known or potential problem.
- 6 SURVEY. In some cases, the Foundation should request a survey before accepting a property. The Donor should be asked to contribute an amount sufficient for this if one does not exist. For example, the Foundation may want to request a survey under the following conditions:
 - a. Where the survey markers are not visible on the developed land.
 - b. Where there are any known boundary disputes.

B. COSTS. If essential information is not provided by the Donor, Donor should be requested to contribute amount sufficient to pay for obtaining it. However, if the Donor is not willing to advance these costs, the Foundation should determine whether it would be advantageous for the Foundation to do so.

II. CRITERIA TO USE TO DETERMINE WHETHER TO ACCEPT THE GIFT. The

Foundation shall consider the following criteria in determining whether or not an offered property should be accepted.

- A. ANALYSIS OF SALE & HOLDING COST. The Foundation shall evaluate present and future sale and holding cost. This analysis shall include the following:
 1. present market value;
 2. future market value (potential for appreciation);
 3. encumbrances;
 4. net cost of sale;
 5. holding costs.

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- B. **HAZARDOUS WASTE OR OTHER ENVIRONMENTAL PROBLEMS.** The Foundation shall undertake such investigation of environmental issues relating to the property as the Foundation deems necessary or appropriate to enable it to determine whether any problems exist, including without limitation an investigation of any problems appearing under Section (I) (B) above. In addition, the Foundation may, in its discretion, engage a qualified engineering of their firm to under take an environmental review and deliver a report to the Foundation. Specifically, the Foundation should investigate the potential dangers of current and past conditions on or near the property. The following is a list of some of the prior uses that could lead to an environmental study before a property is accepted: underground fuel storage (such as service stations and vehicle fleet servicing); chemical and manufacturing plants; dumps; dentist office; cleaners. This list is by no means comprehensive.
- C. **ON-SITE INSPECTION.** A director of the Foundation or the Community Foundation staff or of the Foundation's Compliance Committee should make an on-site inspection of any property before it is accepted. If none of the above can make an inspection, a broker, licensed contractor or other appropriate person should make an on-site inspection for the Foundation. The appointed person should look for any problems regarding the following:
 - 1. Environmental conditions (see sub-paragraph I.A.5.)
 - 2. Boundaries; and
 - 3. If the property is improved, structural and social conditions.
- D. **UNUSUAL CIRCUMSTANCES.** No property should be accepted which has excessive environmental or structural problems, or where the holding cost may approach or exceed sale proceeds.
 - 1. There may be situations arise where the Foundation finds that property ownership may be converted to cash. (An example: potential environmental problems – Foundation should not be in chain of title). The Foundation should attempt to work with the potential Donor in developing creative solutions to issues which may be raised by the condition of the real property, including without limitation seeking advice from attorneys, tax advisors, and other counsel.

III. CRITERIA TO USE IN DETERMINING WHETHER TO HOLD OR SELL A DONATED PROPERTY.

- A. **THE GENERAL RULE.** To sell donated properties as soon as possible. But properties may be held if the Foundation determined that it would be beneficial to do so.
- B. **OTHER CRITERIA.** The Foundation shall consider such criteria as it deems necessary or appropriate in determining whether or not to hold or sell the real property, which criteria may include some or all of the following:
 - 1. Whether or not the Foundation assumes any mortgage payments;
 - 2. Whether or not the land is income producing;
 - 3. Whether or not the carrying costs are reasonable;
 - 4. Whether or not the property has a potential for exceptional appreciation long term (greater than three (3) years);
 - 5. Whether or not the property has a potential for exceptional appreciation long term (greater than three (3) years);
 - 6. Whether or not the Foundation wishes to use the property;
 - 7. Whether or not it would be beneficial for the Foundation to manage a property which is located outside of the area;
 - 8. Whether or not there are any present or potential managerial problems.

LIFE ESTATES. In determining whether or not to accept property subject to reservation of a life estate, this policy will generally apply. Of course, the determination of whether to hold or sell will depend upon the terms of the life estate agreement.

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IV. CRITERIA TO USE IN DISPOSING OF DONATED PROPERTY.

- A. CASH. Generally, all properties should be sold for cash.

- B. CARRYING PAPER. The Foundation may consider carrying back paper if it is advantageous to do so. The Foundation shall consider the following criteria in making this determination:
 - 1. The amount of the note;
 - 2. The security;
 - 3. The time period;
 - 4. The interest rate;
 - 5. The amount of other income (if property income producing);
 - 6. The effect carrying paper may have on the selling price received by the Foundation;
 - 7. The effect carrying back such paper may have on the value of the property, the length of time required to sell the property, or other related issues.
 - 8. Financial responsibility of buyer.

V. METHOD OF DISPOSING OF DONATED PROPERTY.

- A. BROKER CONSIDERATION. The Foundation shall undertake an inquiry to determine the manner the Foundation deems to be the most advantageous in which to market the property. The Foundation may but shall not be required to engage a broker in connection with the sale of any donated property.

- B. MARKETING CONSIDERATION. If the Foundation determines that listing the property with a broker is in the best interests of the Foundation, then all potential listing brokers selected by the Foundation shall be required to provide the Foundation with a comprehensive marketing program. The Foundation shall consider such factors as it deems appropriate in selecting a broker, which may include the marketing program and the reputation of the brokers.