

Policy No.: 200-2
Original Release: April 29, 1994
Current Release: April 29, 1994

WESTERN KENTUCKY UNIVERSITY FOUNDATION

POLICY AND PROCEDURES MANUAL

SECTION: Development

SUBJECT: Procedure for Acceptance of Real Estate Gifts

PURPOSE: To establish general procedures for the acceptance, receipt, and documentation of real estate gifts.

PROCEDURE:

1. Normal contact with a donor is handled by a development officer.
2. The development officer should obtain as much information as possible about the real estate such as:
 - a. Complete legal description or a copy of the donor's warranty deed. If a copy of the deed is not available, determine the date of ownership by the donor, copy of the legal survey, etc.
 - b. Does the donor have a title policy or an abstract of the property?
 - c. Determine if there are any outstanding liens or indebtedness against the real estate. If so, obtain as much information as possible including copies of note, deed of trust, etc.
 - d. Status of Mineral Rights - Determine if the minerals are being conveyed or retained by the donor.
 - e. Determine the extent of any improvements to the property such as water well, electricity, buildings, fence, improved grasses, ponds, row crops, etc. Determine if any portion of property is in a flood plain.

- f. Tax Status - Determine the status of advalorem taxes. Determine if current years taxes are to be paid by donor, prorated, or assumed by the Foundation. Request copy of last three years paid property tax receipts from all taxing authorities.
 - g. Determine if there are any leases affecting the property such as farming, hunting, grazing, oil and gas, or rental agreements. If so, obtain a copy of the lease or leases. Determine the extent of easements and zoning.
 - h. Determine if the gift is restricted or unrestricted, endowed or non-endowed.
 - i. What has been the principal use of the property since the donor has owned it. Secure the name of previous owner for follow-up, if possible.
 - j. Has the property ever been used in the production, storage, or disposal of toxic materials? If there is any possibility of hazardous exposure, please document the situation as much as possible.
 - k. Inform the donor of the need to obtain a qualified appraisal.
3. Commercial Properties (apartments, duplexes, houses, office buildings, warehouses, etc.) - The donor will be required to furnish the following information.
- a. Copy of the last three years income tax Schedule E on the subject property.
 - b. Copy of current lease agreements.
 - c. Copy of last three years paid property tax receipts.
 - d. Any other financial information that might be helpful in evaluating this property.
4. The Development Officer will inform the donor that the above gathered information will be given to the Executive Director, the property will be analyzed, and the Development Officer will be back in touch with the donor within two (2) weeks of receiving all information and documents necessary for proper evaluation. (Development Officer will explain to donor that final resolution may take longer, but that donor will be kept informed on a timely basis).

5. The Development Officer will provide the Executive Director with a copy of the property checklist as well as a statement concerning the past and potential giving of the donor and the purpose of the gift for inclusion in the property evaluation report.
6. The Executive Director will be responsible for preparing a thorough report on the property. In addition, the Executive Director will include an appraised value, if available, and a comment on the current market for the type property being considered.
7. Gifts of real estate are acceptable only after it has been determined that no reasonable possibility exists that the property is contaminated with toxic waste, that the property, if ultimately accepted by the Foundation, must be accepted in an irrevocable and perpetual trust or series of trusts, regardless of whether or not a licensed toxic waste inspector indicates that the property is not contaminated. No exceptions may be made. The expenses of the inspection will be borne by the donor unless an exception is approved by the Executive Director of the Foundation.
8. The Real Estate Committee will decide if the gift should be accepted. If the gift is accepted, the Executive Director will convey to the donor how the Warranty Deed or Gift Deed should be prepared.
9. When the Warranty Deed or Gift Deed is received, it should be delivered with all documentation and correspondence to the Treasurer. At this point, a permanent file will be opened and the gift will be booked and receipted.
10. The property will be inspected at least annually to evaluate the current condition of the property and review the market approach with the real estate company listing the property until the property is sold. (Worksheet is attached).