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## WESTERN KENTUCKY UNIVERSITY FOUNDATION

### POLICY AND PROCEDURES MANUAL

**SECTION:** Property Management

**SUBJECT:** Real Estate Marketing

**PURPOSE:** To provide guidelines for marketing of real estate held by the Foundation.

**GENERAL:** Fair market value is defined as the price at which the property would transfer between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.

- PROCEDURE:**
1. A qualified appraisal is required when the donor plans to take a charitable tax deduction and the property is worth more than \$5,000.
  2. These appraisals reflect opinions usually based on historical data. The appraisal may or may not reflect the price at which the property can be sold within a reasonable time.
  3. Verify the current fair market value. A current market analysis should be obtained from a Real Estate Broker who is marketing similar properties in the area.
  4. If the market analysis indicates a value that is substantially different than the original appraisal, the Executive Director and Treasurer will determine the appropriate marketing price in conjunction with the Real Estate Committee for review and Trustee approval.
  5. A market appraisal/analysis of the property will be conducted annually. All properties valued at \$100,000 or more will be submitted to the Real Estate Committee for review and Trustee approval.
  6. Mineral rights will be considered for sale as appropriate to the circumstances. Every effort is made to retain mineral rights for future investment opportunities.

7. Conveyance will be by Special Warranty Deed.
8. Preferred terms of payment as cash.
9. If necessary, the Foundation can offer seller financing on the following terms:
  - A. Down payment - 20-25% range
  - B. Balance of purchase price will be carried on a note set at the prevailing interest rate that is subject to change as determined by the Real Estate Committee.
  - C. Monthly, quarterly, or semi-annual, principal and interest payments.
  - D. Length of notes should be 10 years or less. In cases, the note payment can be amortized over longer periods than 10 years with a balloon payment due at the end of the note term.
10. Secure basic credit information on the buyer and the proposed use of the property.
11. The contract will be presented to the Real Estate Committee for approval. If the value of the property exceeds \$75,000, the contract will also be presented to the full Board of Trustees for approval.
12. Appropriate file copies will be made and distributed as required.