EAST TENNESSEE STATE UNIVERSITY

Acceptance of Gifts of Real Estate	
Responsible Official: Vice President for University Advancement	Responsible Office: University Advancement

Policy Purpose

Purpose. This policy provides guidance to Advancement officers regarding how/if East Tennessee State University can accept gifts in the form of real estate.

Policy Statement

Gifts of Real Estate can be critically important elements in obtaining philanthropic gifts for the university. This policy provides guidance and procedures for the coordinated management of soliciting, securing, and stewarding real estate gifts for East Tennessee State University.

Definitions

History

Effective Date: 02/07/2017
Revision Date: 02/21/2019

Revision Notes: This revision includes expanded language regarding real estate gifts valued below $50,000 (paragraph 1a).

Procedure (s)

1. Process/Procedures:

a. Gifts of real estate, both improved and unimproved, may be accepted only after review and approval by the Board of Directors of the Foundation. Due to the expenses associated with gifts of real property, only gifts valued by appraisal in excess of $50,000 will generally be considered. Gifts valued below $50,000 are not accepted without the approval of the Board of Directors of the Foundation.
b. Prior to accepting a gift of real estate, the President/CEO of the Foundation and someone on behalf of either the Foundation or ETSU shall physically inspect the parcel of real estate to be given to the Foundation before the Foundation accepts the proposed gift.
c. Prior to accepting a gift of real estate, the Chief Financial Officer for the Foundation shall conduct an analysis of the anticipated cash flow from the proposed transaction. This

analysis shall determine the maximum exposure the Foundation may incur and the level or risk that is associated with the receipt, ownership, and eventual sale of the property.

d. It is the Foundation's general policy to dispose of all gifts of real estate as expeditiously as possible. This policy will be communicated to the donor when the Foundation receives notification of the donor's intent to make a gift of real estate. If the donor does not want the Foundation to immediately dispose of the real estate, the parties must execute a written agreement regarding the disposition of the property before its acceptance by the Foundation.
e. The Foundation shall require the donor, at the donor's expense, to secure an independent appraisal of the subject gift parcel by a Member Appraisal Institute (MAI) appraiser who has regularly engaged in the business of real estate appraisals within the jurisdiction where the property is located. Under Treasury regulations, the donor must pay for the initial appraisal of the property. The Foundation, in its sole discretion, may elect to accept the valuation resulting from the donor's appraisal or may secure its own appraisal.
f. The Foundation, as it deems necessary and in its sole discretion, may require the donor to submit reports on the gift parcel, including but not limited to, hazardous waste audits, surveys, a title search, zoning restrictions, dominant and servient tenements, access to public utilities, and engineering inspections.
g. A gift of real estate encumbered by a mortgage raises significant tax issues for the donor and the Foundation. Gifts of real estate encumbered by mortgages, deeds of trust, liens, etc. may only be accepted after review and approval by the Board of Directors of the Foundation.
h. A gift of mortgaged property to a charitable remainder trust shall not be accepted under any circumstances.
i. The execution and delivery of a deed of gift (preferably in the form of a warranty deed or trustees' deed) shall complete the gift. The donor shall pay the costs associated with the conveyance and delivery of the gift.
j. Gifts of real property shall be valued at their fair market value on the date of transfer as set forth in a "qualified appraisal" prepared in accordance with IRS Regulations. Such appraisal shall be obtained and paid for by the donor.

2. Documents/Review Steps Required to Accept:

a. Title insurance commitment showing marketable title in the donor, free and clear of unacceptable encumbrances, issued by a reputable title insurance company
b. Appraisal by a qualified appraiser (not older than 60 days)
c. Phase I environmental audit by a qualified engineer, indicating that ownership will not expose the Foundation to environmental liability
d. Market feasibility study for purposes of liquidation
e. On-site evaluation by the President/CEO of the Foundation and someone on behalf of either the Foundation or ETSU (or if the property is located in a geographically isolated area, a local real estate broker)
f. Structural engineering report (where appropriate)
g. Review of leases (for commercial property)
h. Evidence of compliance with the Americans with Disabilities Act (where applicable)

i. Disclosure statement reflecting any and all carrying costs, including but not limited to taxes, insurance, association dues, membership fees, and transfer charges
j. If the donor claims a tax deduction for property requiring IRS Form 8283, ETSU Foundation Accounting must review and sign.

Related Form(s)

N/A

Scope and Applicability

	Governance	
	Academic	
	Students	
	Employment	
	Information Technology	
	Health and Safety	
	Business and Finance	
	Operations and Facilities	
	Communications & Marketing	
X	Advancement	