

22. REAL ESTATE GIFTS
UNCSA FOUNDATION
FINANCE AND ADMINISTRATION GUIDELINES

OBJECTIVE

To assure any real estate accepted as a gift by the UNCSA Foundation is thoroughly considered in regard to the value it will bring the Foundation and any exposures associated with the gift or with holding the property are fully identified.

GUIDELINES

1. The UNCSA Foundation will accept gifts of real property if the proceeds from sale of the property are designated for Foundation purposes, either restricted or unrestricted, or the property may be placed into a valid use by the Foundation or the School.
2. Because of the unusual nature and infrequency of real estate gifts, each will be considered separately for approval by the Executive Committee.
3. In order to protect the UNCSA Foundation from the high risk associated with accepting contaminated property, all gifts of real property, including property acquired by bequest or in trust, must be screened for the presence of hazardous substances.
4. Under existing law (including but not limited to, the Federal Comprehensive Environmental Response, Compensation and Liability Act as amended by the Superfund Amendment and Reauthorization Act (24 U.S.F. 9600 et seq.) and the North Carolina Oil Pollution and Hazardous Substances Control Act), current owners can be held fully liable for cleaning up property contaminated by hazardous waste, even when prior owners or operators were responsible for causing the contamination. There have been instances in which donors have knowingly or unknowingly given contaminated property to charities. Although a current property owner may be able to sue prior owners and operators to recover clean-up costs, the costs, delay and legal risks associated with such lawsuits are often prohibitive.
5. Gifted real estate may include fee simple, remainder, leasehold and other interests in real property, as deemed acceptable by the Foundation's Executive Committee. The property may be subject to liens and/or restrictions.
6. Prospective donors will be informed that: if the gift is completed, the Internal Revenue Service will require an appraisal be made within sixty (60) days of the date of gift. The UNCSA Foundation will communicate to donors that it is its policy dispose of all gifts of real estate (other than property which the UNCSA Foundation or the School wishes to retain) as expeditiously as possible. Thus, regardless of the value placed on the property by a donor's appraisal, the UNCSA Foundation will attempt to sell at a reasonable price in light of current market conditions, and the donor needs to be informed that any such sale occurring within two (2) years of the date of gift will be reported to the Internal Revenue Service on Form 8282.

7. In light of the foregoing, the following issues must be addressed on a case by case basis before UNCSA Foundation accepts a gift of real estate:
 - a) What is the location and condition of the property? Are there any security problems?
 - b) How salable is the property? How closely will the sales price relate to the appraised value?
 - c) Does the donor have clear title to the property?
 - d) Are there any restrictions or easements pertaining to the property?
 - e) How is the property zoned? Are there any zoning variances, violations, or special permits?
 - f) Is there a recent survey of the property?
 - g) For any buildings on the property, are there any problems which might affect the marketability of the property?
 - h) To the extent the real estate is subject to any mortgages, deeds of trust or money-purchase contracts, is the mortgage or deed of trust assumable and/or assignable?
 - i) Does any existing mortgage, deed of trust or contract allow additional mortgages, deeds of trust or liens?
 - j) Does acceleration in payment of principal take effect upon transfer of the property or title assumption of the property's mortgage or deed of trust?
 - k) Is the payment of all or part of the contract allowed without a prepayment fee or penalty?
 - l) Will any transfer tax, assumption fee, recording fee, termination fee or broker's fee be imposed upon transfer of the property, and who will be responsible for payment of such fees?
 - m) If there is not an active real estate market for the property, does UNCSA Foundation want to take on management of the property?
 - n) Is the property subject to any city, county, state or federal restrictions covering threatened or endangered species in other limiting regulations regarding land use (including wetlands regulations)?
 - o) What utilities and services are available?
 - p) Are there any road issues (Le. thoroughfare, widening, etc.)?
 - q) Are there any watershed issues?
 - r) If the property is rental, condominium, or cooperative, what are the terms of current leases? Are any tenants in arrears for rent or common area fees? Are there any building or sanitary code violations? Financial information necessary to evaluate the potential advantages and disadvantages of accepting the gift must be obtained.
 - s) What are the environmental risks associated with the property? In order to assess the environmental risks, the UNCSA Foundation must conduct a document review and a preliminary site inspection (as provided in Step One of the Environmental Assessment Addendum, Exhibit 23.1) before any gift of real estate is accepted.
8. UNCSA Foundation should obtain the following information and documentation from the donor prior to acceptance of a gift of real property:
 - a) written statement from donor outlining purpose of gift

- b) map showing location of property
 - c) legal description of property
 - d) proof of ownership (Warranty Deed)
 - e) current survey of subject property
 - f) list of improvements
 - g) copies of current leases, if any
 - h) list of encumbrances including deed restrictions or covenants, liens and expenses, if any
 - i) commitment for title insurance
 - j) recent appraisal
 - k) Real Property Disclosure Certificate (Exhibit 23.2) signed by the donor
9. Before accepting any gift of real property, the UNCOSA Foundation may retain competent and impartial real estate agents and/or legal counsel to review the property and advise the Board or a Committee on acceptability of the gift. Following the review of the information provided by the donor and legal counsel, the Foundation may decide to accept or reject the proposed gift based on the potential of the property to produce an acceptable return or to contribute directly to the approved programs of the Foundation or the School in light of holding costs, holding period, donor restrictions, property valuation, management requirements, environmental concerns and the type of property interest being given.
10. The UNCOSA Foundation, Inc. reserves the right to reject any contribution of real estate.
11. All sales of real property will be considered for approval by the Executive Committee.