

# Advancement | UCF Foundation, Inc.

## Gift Acceptance Policy for Real Estate

Policy# 6.05

Effective Date: 05/05/2020

Responsible Department: Legal Services

### 1. PURPOSE

Some gifts received by the University of Central Florida Foundation Inc. (Foundation) for the University of Central Florida (University) include gifts of real estate. This policy addresses the acquisition of real estate gifts to minimize the expense and risk to the Foundation. This policy will outline the general inquiries concerning the condition of real estate that the Foundation will make prior to accepting real estate, including marketability, carrying costs, and environmental risks.

### 2. APPLICABILITY

This policy applies to all gifts of real estate.

### 3. POLICY

The requirements set forth below must be met for the acquisition of any interest in real estate, in any capacity, prior to acceptance or recording of any documents. The Foundation does not accept the following gifts of real estate: (i) unsolicited deeds; (ii) real estate to fund a charitable gift annuity; or (iii) time share units. Unsolicited deeds are not accepted by the Foundation and will be returned to the donor, along with a quitclaim deed from the Foundation, if necessary. Real estate will only be accepted to establish net income unitrusts or flip trusts, shall only include conditions acceptable to the Vice President for Advancement and Chief Executive Officer (CEO). The Foundation does not discriminate and will conduct all affairs in accordance with all applicable state and federal laws, including but not limited to Equal Opportunity, Fair Housing, Equal Credit Opportunity and other anti-discrimination laws.

Donor will be encouraged to pay for any due diligence costs, and a Donor must pay for any due diligence costs on acquisitions of real estate valued at \$10,000 or less. Any college or unit benefiting from a gift or other acquisition of real estate must agree, in writing prior to acceptance or acquisition, to pay any taxes, insurance, non-donor appraisal required by the Foundation, and all other holding and carrying costs incurred by the Foundation until the real estate is liquidated. The written approval will authorize the Foundation's Associate Vice President and Chief Financial Officer (CFO) to disburse monies for these expenses, will identify an appropriate Foundation account number of the college or unit from which the monies are to be disbursed and will acknowledge approval of the acceptance of the gift.

Any exceptions to this policy must be approved by the CEO.

For the purposes of this policy, the Real Estate Team is comprised of the Legal Counsel, CFO, and Director of Real Estate and Property Management. The Real Estate Team will be responsible for the initial due diligence of the property, which is outlined below:

**a. Real Estate Staff Site Visit and Analysis**

For all real estate gifts, the CFO, or designee, will inspect the real estate. The Real Estate Team will review all required documentation, and will analyze the following, among other things:

- i. Market conditions for resale or the ultimate disposal of the property.
- ii. The condition of any improvements located on the property.
- iii. Current and potential zoning, land use, and concurrency issues.
- iv. Any costs associated with holding the property for resale.
- v. Other considerations specific to the acquisition of the property.

**b. Title Search and Title insurance**

A title search will be required for any real estate transaction and must be reviewed by Legal Counsel. Donor may be asked to cure title exceptions. Title insurance may be required for any gift and will be required for gift acquisitions of mortgaged property.

**c. Survey**

A survey may be required for any real estate transaction but will be required for gift acquisitions of mortgaged property.

**d. Environmental Requirements**

All real estate held by the Foundation in any capacity will be managed in a manner designed to comply with all federal and state regulations and to minimize or eliminate any liability resulting from hazardous materials. The sale or transfer of real estate by the Foundation will be handled in a manner designed to eliminate any future liability by the Foundation for hazardous substance remediation. A Phase I environmental assessment will be required for any property that is zoned anything other than residential, and a Phase I environmental assessment may be required for residential property. If environmental concerns are found, a Phase II environmental assessment may be required. All environmental assessment will be reviewed by the Legal Counsel. Donor will be encouraged to pay for any assessments, otherwise the department benefiting from the gift may be required to pay. The Foundation will fully disclose to a prospective transferee for all information concerning the condition of any hazardous substances existing on the real estate.

**e. Appraisal**

The Internal Revenue Service (IRS) requires the donor to obtain an appraisal if the value of the real estate is over \$5,000 and the donor wishes to claim a charitable contribution income tax deduction. For proper accounting, marketing, and donor recognition purposes, an appraisal is requested for all real estate gifts. In the absence of an appraisal, the real estate will initially be recorded at \$1.00.

**f. Review of Other Factors**

- i. Mortgaged Property.** Acceptance of a mortgaged property is discouraged and not permitted into a charitable remainder unitrust. Real estate may be acquired subject to a mortgage only if the mortgage is current and assumable. In addition, a clearly established method for the payment of the debt must be determined and the loan to value ratio must not exceed 50 percent of the appraised value.
- ii. Property Subject to Leases.** When real estate acquired is subject to a lease, leases must not be in default and must be assignable by the landlord. Following approvals, and upon transfer of the property, the leases must be assigned to the Foundation and all deposits, advance rents, and other monies transferred to the Foundation or otherwise accounted for as required by law.

The results of the diligence described above will be reviewed and approved by the Real Estate Team and presented to the Gift Acceptance Committee for review and recommendation. The UCF Foundation Board of Directors, or its designated committee(s) must approve the acquisition and will be provided the information outlined above in consideration.

**g. Closing**

Closing on the acquisition of a gift of real property will be in accordance with the following:

- i. General or Specialty Warranty Deed** Title will be transferred to the Foundation by general or special warranty deed unless transfer is by a trustee, personal representative, or other fiduciary that will provide a deed with warranties appropriate to its capacity. Legal Counsel will review all deeds prior to acceptance. Any special deed clauses must be pre-approved by the Real Estate Team.
- ii. Owner's Affidavit** An owner's affidavit is required for all real estate acquisitions.
- iii. Real Estate Taxes and Other Carrying Cost** Evidence must be provided by the donor that all real estate taxes and other carrying costs are paid and current. Donors will be encouraged to pay all or prorate the taxes and other carrying costs for the year of the donation.
- iv. Insurance** The Foundation will secure adequate hazard and liability insurance coverage for real estate upon the transfer of the gift from the donor

to the Foundation.

#### **4. CLARIFICATIONS**

Requests for clarification of this policy should be sent to the Legal Counsel.

Certified as approved by the Executive Committee of the Foundation Board of Directors on

May 05, 2020 .

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Name: Michael J. Morsberger

Title: Vice President for Advancement and Chief Executive Officer

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