



ADMINISTRATION – POLICIES – Accepting Gifts of Real Estate

POLICIES and PROCEDURES FOR ACCEPTING GIFTS OF REAL ESTATE

(Insert Your Organization's Name HERE) has adopted the following procedures for the acceptance and disposition of gifts of real property. These procedures are intended to protect both the donor and (Insert Your Organization's Name HERE).

Responsibilities

1. Ordinarily a representative of the organization will have discussed the proposed gift with the donor and will have secured consent to refer the gift to the Board of Directors for approval.
2. The organization shall then obtain all pertinent information about the property as detailed in Appendices 1, 2, 3 and 4 and submit it to the Board. If the Board decides to accept the property, the organization is then responsible for coordinating all arrangements for the transfer of the property, and for providing the proper receipt and acknowledgement to the donor.
3. Determine whether receipt of the property would be in the best interests of *(Insert Your Organization's Name HERE)*. It will make this determination based on information provided by the donor and on such other information as it may request. Preliminary discussions on the proposed gift may be held based on such information as is available at that time, but will not act until it has sufficiently complete information.
4. After title to the property has been transferred to *(Insert Your Organization's Name HERE)*, the Finance Department, in consultation with the organization, shall be responsible for the management and/or the sale of the property. The organization may wish to keep the property or sell depending upon the usefulness and location of the property.

Property Information

General information about the estimated value, location, use, and condition of the property is essential to determine whether *(Insert Your Organization's Name HERE)* would be interested in receiving it. The organization should complete Information Sheet 1 during the initial discussions with the donor about a gift of the property.

Financial Information

If the property appears to be a desirable gift based on the initial general information, the next step is for the organization to obtain more specific financial information regarding equity, acquisition costs, holding costs, and estimated sales proceeds. Information Sheet 2 can be used to list this financial information.

Appraisal

The donor will be advised to secure a qualified appraisal to substantiate the charitable donation receipt. The appraisal should be done by a person, independent of the donor and *(Insert Your Organization's Name HERE)*, who is professionally qualified to evaluate the property in question.

The donor is responsible for paying the cost of the appraisal and should be so advised before the appraisal is ordered. In special circumstances *(Insert Your Organization's Name HERE)* might agree to pay for the appraisal but only with the concurrence of the Board of Directors.

If *(Insert Your Organization's Name HERE)*, acting on its own initiative, orders a second appraisal, it will be responsible for paying for that appraisal.

Environmental Site Assessment

If *(Insert Your Organization's Name HERE)* accepts property containing toxic wastes, it could be responsible for clean-up costs, which in some cases could exceed the value of the property. **Therefore, extreme care must be taken in accepting real property, especially if it has been used for commercial purposes.**



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As a first step, a member of the organization staff along with a site inspection expert should visit the site and inspect completing Information Sheet 3. If the property has always been used for residential purposes and the site inspection reveals no evidence of contaminants, the property ordinarily can be accepted. If the property has at any time been used for commercial purposes, or if the site inspection reveals possible problems, *(Insert Your Organization's Name HERE)* should order a Phase I Environmental Audit. If hazardous waste problems are disclosed, the gift should be rejected unless the donor is willing to assume responsibility for the cost of any environmental clean-up that may be required.

Title Information

If the property appears in all respects to be desirable, a final step is to confirm how title is held, whether the donor is conveying a full or partial interest, and what liens and encumbrances exist. Information Sheet 4 may be used for this purpose.

Prior to the acceptance of a gift of real property, *(Insert Your Organization's Name HERE)* will request a title search and ascertain that the property is adequately insured. *(Insert Your Organization's Name HERE)* will require that proof of title be provided by the donor.

Acceptance of Property

The organization will prepare a written summary of the proposed gift including (1) information from Information Sheets 1,2,3 and 4, (2) copy of appraisal if available, and (3) a recommendation concerning acceptance or rejection of the gift.

Based on this and any other requested information, the Board of Directors will recommend acceptance or rejection of the gift. Any conditions of acceptance will be clearly outlined.



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Transfer of Property

The organization, in consultation with *(Insert Your Organization's Name HERE)*'s legal counsel, sees that all documents for conveying the property and agreements with donors are prepared and executed.

The form of transfer may be prepared by the donor's lawyer and then reviewed by *(Insert Your Organization's Name HERE)*'s lawyer, or prepared by *(Insert Your Organization's Name HERE)*'s lawyer and reviewed by the donor's lawyer. The name(s) of the donor(s) must be identical to the way the donor(s) currently hold title.

When the form of transfer has been entered in the books of the Land Registry Office or Land Title Office, *(Insert Your Organization's Name HERE)* will request a new copy for retention in its Business Office.

The organization sends a donation receipt to the donor for the appraised value of the property. The receipt should be accompanied by a letter acknowledging the gift and reiterating the purpose of the gift.

Gift Receipting and Reporting

A donation receipt will be issued for the appraised value, provided the valuation was done by a qualified appraiser, unless *(Insert Your Organization's Name HERE)* has reason to believe that the value of the property is substantially different from the appraised value. In that case, *(Insert Your Organization's Name HERE)* will inform the donor that it will require a second appraisal.

Management and Sale of Property

The policy of *(Insert Your Organization's Name HERE)* is to sell donated real estate **except** in the case when it might be suitable for use by *(Insert Your Organization's Name HERE)*.

Prior to the sale the Finance Department is responsible for the management of the property. It shall make sure that the property is adequately insured, authorize maintenance items, and make arrangements for collection of rents and payment of expenses. The Finance Department may hire a property manager or retain other professionals for any of these services. The costs shall be borne by the subject property and paid either from net income or sales proceeds.

The organization will select a listing agent (or otherwise make arrangements for selling the property) and determine the amount for which the property shall be listed.

The Finance Department is authorized to accept offers and make counter-offers informing and consulting with the organization, which, in turn, will keep the donor informed.

For the sales transaction the Finance Department will seek the assistance of *(Insert Your Organization's Name HERE)*'s legal counsel.

Following the sale the net proceeds, after paying all expenses, will be used for the purpose designated by the donor. Any net revenues available to *(Insert Your Organization's Name HERE)* prior to the sale will likewise be used for this purpose.



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REAL ESTATE INFORMATION SHEET 1

Property Information

Donor _____

Address _____

Telephone _____

Property address or location _____

Year acquired and adjusted cost base _____

Type of property _____

Zoning _____

Tax parcel number(s) _____

Estimate of current market value _____

Assessed value: Land _____ Improvements _____

Taxes _____

Is there permanent access? _____ Public road _____ Easement _____

Current uses of the property _____

Past uses of the property _____

Is the property rented or leased? Yes _____ No _____

Utilities serving the property _____

Sewer _____ Septic tank _____ If undeveloped, does property percolate? _____

Water: City _____ Well _____ Water tested? _____

Land features _____

Topography _____

Drainage _____

Percentage open, wet, wooded _____

Flood plain _____

Signs of encroachment by neighbouring properties _____

Improvements

Building use and description _____



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Building age and condition _____

Total floor area _____

Condition of building:

Roofs _____

Floors _____

Exterior walls _____

Interior walls _____

Plumbing _____

Electrical _____

Heat source _____

Condition of landscaping _____

Surrounding Area

Description of adjacent land uses _____

Description of immediate neighbourhood (age, condition, trend) _____

Nearby industry _____

Traffic volume _____

How does property compare with surrounding properties?

Higher value _____ Lower value _____

Name of person preparing report _____ Date _____



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REAL ESTATE INFORMATION SHEET 2

Financial Information

Value of Property

Appraised value of property	\$ _____
Mortgage balance	<u>(\$ _____)</u>
Equity in property	\$ _____

Costs Associated with Acquiring Property

Any amount to be paid to donor	\$ _____
Mortgage to be paid off	\$ _____
Mortgage transfer fee	\$ _____
Third party interest to be purchased	\$ _____
Back taxes or assessments	\$ _____
Legal and recording fees	\$ _____
Title fees and insurance	\$ _____
Other _____	\$ _____

Total \$ _____

Annual Cash Flow

Expenses

Instalment payments	\$ _____
Property taxes	\$ _____
Insurance	\$ _____
Property management	\$ _____
Property owners association	\$ _____
Maintenance	\$ _____
Security	\$ _____
Utilities	\$ _____
Other _____	\$ _____

Total \$ _____

Revenues

Rents	\$ _____
Other _____	\$ _____

Total \$ _____

Annual net income or (loss) \$ _____

Estimated time to sell property _____ years

Sales Costs

Appraisals	\$ _____
Broker's fees	\$ _____
Repairs and improvements	\$ _____
Legal, recording and title fees	\$ _____
Transfer taxes	\$ _____
Other _____	\$ _____

Total \$ _____

Name of person preparing report _____ Date _____

REAL ESTATE INFORMATION SHEET 3



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Environmental Site Assessment**

This is a check list to be used during the initial site inspection by a staff person of the (Insert Your Organization’s Name HERE) or other designated representative.

	YES	NO
Dead, dying or unhealthy vegetation	_____	_____
Soil or pavement stains and discoloration	_____	_____
Signs of spillage or residues on property or in buildings.....	_____	_____
Insulation (thermal, acoustical, electrical).....	_____	_____
Odours.....	_____	_____
Unidentified truck tracks on open lots	_____	_____
Caps or covers to wells or underground tanks	_____	_____
Wastewater systems not connected to city sewer	_____	_____
Dumps, pits, sumps, drainage ditches	_____	_____
Above or below ground storage tanks and drainage lines	_____	_____
Maintenance areas	_____	_____
High voltage lines	_____	_____
Transformers, capacitors, electrical switchgear, etc.....	_____	_____
Nearby hazardous waste generation/storage areas.....	_____	_____
Nearby landfills.....	_____	_____
Nearby high risk industries (see attached list)	_____	_____
Wetlands, bogs, marshes	_____	_____
Archaeological/historical features.....	_____	_____
Natural areas or special wildlife habitat	_____	_____

If yes to any of the above, please describe situation _____

Name of person conducting site assessment _____

Date of inspection _____

Environmental Site Assessment

HIGH RISK INDUSTRIES CHECKLIST

1. Landfills, dumps, demolition or dredge disposal sites
2. Oil refineries, well fields, tank farms



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3. Metal plating/coatings
4. Metal working: foundries, welding, machining, fabrication (especially aluminium)
5. Auto, truck, tractor motor maintenance and repair
6. Transportation depots: bus, truck, railroad terminals or yards
7. Chemical or pharmaceutical manufacturers
8. High tech firms: electronics, electrical, computer
9. Gasoline, fuel oil service
10. Dry cleaners, laundries
11. Salvage, scrap or waste dealers/lots
12. Laboratories: photochemical, research, etc.
13. Corporation/construction/equipment yards (public or private)
14. Utility company facilities (gas, electric)
15. Lumber yards, sawmills, wood treatment, paper companies
16. Paint manufacturers, distributors, contractors
17. Military facilities (any type, current or prior)
18. Airports, airfields, crop dusting operations
19. Battery manufacturers, recyclers
20. Concrete products fabricators
21. Nurseries or agricultural operations (especially feedlots)
22. Pesticide/herbicide/fertilizer formulators or applicators/exterminators
23. Food processing, packing, cold storage facilities
24. Tanneries or tallow-rendering operations
25. Drum or barrel manufacturers/distributors
26. Printing shops
27. Asphalt plants
28. Fiber glass or glass product manufacturers
29. Plastic products manufacturers
30. Rubber products manufacturers
31. Mines or sand/gravel quarries/pits
32. Sewage treatment/handling facilities (public or private)

NOTE: This list should not be considered all-inclusive.

REAL ESTATE INFORMATION SHEET 4

Title Information

How is title held by the donor? _____

Is this a full interest? _____

Partial interest? _____

If a partial interest, list names and addresses of other owners:



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Are there any claims against the title? Yes_____ No_____

If yes, describe_____

Title insurance company_____

Please attach the following information items if available:

- () Title report
- () Property tax bill
- () Name and address of utility companies
- () Donor's insurance policy
- () Property owners association agreement
- () Copy of conditions, covenants and restrictions (CC & R's)
- () Notes and trust deeds or mortgages
- () Current mortgage statement
- () Other documents pertinent to ownership

Name of person preparing report_____ Date_____