

## Real Estate: Purchase, Sale and/or Donation

Title/Subject: REAL ESTATE: PURCHASE, SALE AND/OR DONATION

Applies to: Faculty Staff Students Student Employees Visitors Contractors

Effective Date of This Revision: February 10, 2025

Contact for More Information: Contracting &amp; Purchasing, Development, General Counsel

Board Policy Administrative Policy Procedure Guideline**BACKGROUND:**

The University is obtaining more requests to receive real estate as either a donation or as a purchase. Accepting a donation of or requesting a purchase of real estate carries with it the potential for the University to incur costs beyond either the purchase or perceived value of the donation. Unpaid taxes, environmental study costs and the inability to quickly sell the property for the cash are just a few. The University's preference for accepting real estate, unless there is a clearly identified educational use, is to immediately turn the property into a sale and receive the cash benefit.

**PURPOSE:**

This procedure is designed to set up a process for:

1. Determining the University's interest in a piece of property
2. Acquiring (purchasing or donation) the property
3. Selling the property
4. Assigning costs
5. Minimizing the University's liabilities

**DEFINITIONS:**

Real estate for this policy and procedure is defined as any parcel of land or parcel of land with dwelling(s) erected upon it, considered for receipt by the University.

**POLICY:**

Any real estate accepted by the University shall follow the procedures outlined in the table below.

**PROCEDURE:**

Forms and other related information may be found at Contracting and Purchasing Services website at:

<https://www.cmich.edu/offices-departments/finance-administrative-services/financial-services-reporting/contracting-and-purchasing-services>

## Real Estate: Purchase, Sale and/or Donation

**Procedures for the Acquisition, Donation and Sale of Real Estate**

Action to be Taken for:	Acquisition	Donation	Sale
1. <b><u>Request to Accept or Acquire and/or Sell Real Estate</u></b> form. Department/College fills out Acceptance form and obtains appropriate signatures. Submits the form and any attachments (appraisals, address, owner, etc.) to the Vice President for Finance and Administrative Services (VP F&AS) or their designee.	Yes	Yes, initial assessment should be sent to the Vice President of Advancement or their designee. VP of Advancement's office should determine if property may be used or sold in reasonable time with the VP F&AS office.	Yes
2. <b><u>Communicate the impending acquisition/donation and/or sale.</u></b> VP F&AS office shall inform the Director of Contracting & Purchasing Services (DC&PS), Director of Risk Management and Insurance, Controller, University Counsel and Senior Officer for Facilities Management.	Yes	Yes	Yes
3. <b><u>Obtain an "independent" appraisal.</u></b> DC&PS shall initiate to determine the value of property.	Yes	<b>No</b> , if the donor has provided a qualified up-to-date "independent appraisal" of the property. It should include recent sales around the property. <b>Yes</b> , if property will be a "charitable gift annuity" of a "charitable remainder trust.	Yes

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Action to be Taken for:	Acquisition	Donation	Sale
<b>4. Environmental check (transaction screen or phase I).</b> DC&PS will initiate a contract (Note: See attached, "Preliminary Environmental Risk Review").	Yes	Yes, DC&PS will confirm with VP of Advancement's office when completed and the results of the testing.	NA
<b>5. Contract with an independent surveyor.</b> VP F&AS shall authorize DC&PS, if necessary, to initiate to determine the property's actual boundaries.	Yes	Yes	Yes
<b>6. Title search.</b> University Counsel and/or DCP&S shall request to determine restrictions, easements, unpaid taxes, marketability and whether there are any "association" fees etc.	Yes	Yes	
<b>7. Discuss the same with the President.</b> VP F&AS reviews the information obtained from the previous steps.	Yes	VP F&AS and VP of Advancement reviews the information obtained from the previous steps and discuss the same with the President.	Yes

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<b>8. Submit a resolution to the Board of Trustees.</b> VP F&AS initiates for approval to proceed to acquire and/or sell property.	Yes	VP of Advancement initiates and submits a resolution to the Board of Trustees for approval to proceed to accept and/or sell <b>donated</b> property. Gifts of real estate may occur during the time period between the last Board of Trustees meeting of the calendar year and the end of the calendar year. The President may act with the approval of the Board of Trustees from their last meeting in the calendar year, to approve gifts of property received during that time.	Yes
<b>9. Contract with a realtor to sell property OR prepare a purchase and/or sale agreement.</b> DC&PS or University Counsel shall initiate Note: Title option or title insurance requirements will be included in the purchase agreement.	Yes	Yes	Yes
<b>10. Arrange to shut-off or transfer into CMU's name all utilities.</b> DC&PS (or designee) shall initiate. Seller/Donor are responsible for all costs until sale/donation is transacted.	Yes	Yes	Yes
<b>11. Purchase/Sale Agreements</b> VP F&AS or DC&PS shall sign the purchase and/or sale agreement.	Yes	VP of Advancement signs gift agreement for use of property. (i.e. sale proceeds to establish endowed scholarship)	Yes

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<b>12. Obtain/deposit check</b>	DC&PS requests a check be prepared from designated cost center	NA	DC&PS deposits the check in the requested cost center, less University costs (environmental check, title search, appraisal, property taxes, association fees)
<b>13. Closing.</b> University Counsel or the DC&PS will represent the University at the closing including review of closing statements, affidavits, deeds, etc.	Yes	NA	Yes
<b>14. Record deed</b> and other necessary documents in appropriate registry of deeds office. University Counsel (or designee) shall handle.	Yes	Yes	NA
<b>15. Notify the appropriate tax authorities.</b> University Counsel shall inform authorities of the purchase/donation and/or sale and CMU's tax-exempt status.	Yes	Yes	
<b>16. Form 8283 with IRS for gifts over \$5000.</b> VP of D&AR or designee shall inform the donor of the requirement for filing the form.	NA	Yes	Prepare and submit an 8282 Donee Information return. If the donated property is sold within two years of it being donated, the VP of D&AR or designee shall handle.

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<b>17. Notify Accounting Services and Risk Management.</b> DC&PS will notify them of the date the property will be acquired or sold and/or value or sale price.	Yes	Yes	Yes
<b>18. Issue a 1099 form (Proceeds from Real Estate).</b> Controller will initiate and send to seller.	NA	NA	Yes

**Notes:**

- Any initial costs not paid by donor shall be paid for out of the Major and Planned Gifts cost center. This same cost center will be reimbursed for these costs from the proceeds of a sale when the check is deposited. The actual monies that a cost center receives from a donation other than cash will be the "actual" cash proceeds minus any costs incurred by the University to obtain the cash value of the donation. Costs incurred by the University to determine whether it will accept a gift that is later not accepted will be solely borne by the Major and Planned Gifts cost center.
- Determine whether unpaid taxes, utilities, etc., will affect the total amount of donor's gift noted by University. Expenses associated with the actual sale (realtor, title company etc.) will not affect gift value identified by donor.
- The following shall take place when considering a gift of real estate in exchange for a charitable gift annuity (CGA): a) payments to annuitants shall be deferred for a minimum of one year. b) value placed on CGA will be appraised value as determined by an independent qualified appraiser minus costs associated with the sale and the acceptance of the property such as environmental study, broker's fees, unpaid taxes, advertising and other related costs.

\*\*please also refer to guidelines for accepting real estate for development office at

<https://www.cmich.edu/offices-departments/finance-administrative-services/financial-services-reporting/contracting-and-purchasing-services> \*\*

***Central Michigan University reserves the right to make exceptions to modify or eliminate this policy and or its content. This document supersedes all previous policies, procedures or guidelines related to this subject.***