

Acceptance of Real Estate Procedures for Development Office

I. Real Estate

A. Policy

1. The Development Office may solicit gifts of real estate.
2. Central Michigan University may accept gifts of unencumbered real property. It shall be the general policy that such gifts will be accepted with the understanding that the property will be sold immediately.
3. Any real property accepted as a gift shall be unencumbered unless prior approval has been obtained from the Central Michigan University Board of Trustees.
4. Prohibitions against the sale of outright gifts of real estate shall not be accepted.
5. Gifts of real estate shall be irrevocable and shall be valued at the fair market value.
6. The donor shall be responsible for payment of any fees for an independent appraisal, survey, title search, abstract preparation, deed preparation or realtor's fees relating to the transfer.
7. Prior to acceptance of any gift of real estate, a written agreement shall be executed which will state that payment of expenses including, but not limited to, taxes, assessments, insurance, broker's fees, finder's fees, realtor's fees, and cost of maintenance shall be borne by the donor. If the donor is married, the spouse shall also sign all agreements.
8. Warranty deeds are preferred, but with the agreement of University Counsel quit claim deeds may be accepted.

B. Procedure

1. When a gift of real estate is offered to Central Michigan University, the Development Office shall obtain information about the property's location, "estimated" value, marketability, and desirability. The Director of Planned Giving shall inform the Vice President for Finance and Administrative Services and make a recommendation regarding acceptance. If the recommendation is against accepting a gift and the Vice President for Finance and Administrative Services concurs, the donor is notified and all further procedures cease.
2. If no agreement can be reached between the Development Office and the Office of Finance and Administrative Services, the President shall be consulted and asked to make recommendation.
3. If it is agreed that Central Michigan University should pursue the gift of real estate, the Director of Planned Giving shall either arrange for a formal independent appraisal of the property or accept an independent appraisal obtained

by the donor of the property. When a sale is imminent, and the donor agrees, a separate appraisal is not required. In those circumstances, the sale price may document the value.

4. The donor and, if married, the donor's spouse must have the deeds prepared and executed.
5. Donors shall be asked to provide necessary documentation for internal revenue purposes. This should include the donor's full name and address, social security number, original cost basis of the property, a legal and brief description of the property, and its present value.
6. Donors shall be strongly urged to consult with their attorney and tax advisor prior to completing the gift transaction.
7. The Vice President for Development and Alumni Relations shall issue a written indication of acceptance of the gift.
8. The donor receives credit for the appraised value of the property in determining gift club membership. The donor shall receive a gift-in-kind receipt for this gift.
9. Upon receipt of the gift of real estate, management responsibilities shall be turned over to the Office of Finance and Administrative Services. If the property is to be sold, the Office of Finance and Administrative Services or their designee shall oversee the sale.
10. The Director of Planned Giving shall continue to communicate with the donor(s) about issues regarding the real estate gift.
11. For gifts of real estate to be used to fund a trust or other special gift, these policies and procedures shall be followed in addition to the policies and procedures applicable to the trust agreement or other special gift.

II. Retained Life Estate in Residences

A. Description

1. A retained life estate is a devise whereby the donors and the University enter into an irrevocable agreement. The donor(s) agree to give their personal residence or farm to Central Michigan University, but they retain the right to live there so long as either of them is alive. The life tenant(s) to receive any income earned from the land and they continue to pay insurance, taxes, and maintenance costs. The donors receive a charitable income tax deduction for a portion of the present fair market value of the property in the year the gift is made to the University.

B. Policy

1. The Director of Planned Giving may respond to inquiries regarding retained life estates. However, no acceptance of such gifts shall be permitted until the Central

Michigan University Board of Trustees or its designee has approved acceptance of retained life estate. Approval shall be based on consideration of the desirability, marketability, and/or utility of the property.

2. Central Michigan University may accept gifts of a personal residence or farm for a retained life estate provided that such property is debt free. For gift credit purposes the value of the gift shall be the value of its remainder interest adjusted by the appropriate depreciation and useful life factors.
3. Only property located in the United States may be considered for acceptance of a retained life estate.
4. Donors shall continue to be responsible for the payment of any and all taxes on the property, adequate property and liability insurance, and any other special assessments and levies.
5. Any gift considered for a retained life estate shall be irrevocable.
6. Donors may continue to reside in or farm the property, or they may lease the property on a year-to-year basis.
7. At the death of the last life tenant, the property shall be released for use or sale by Central Michigan University.
8. Exceptions to these policies may be permitted by the Board of Trustees of Central Michigan University or its designee.

C. Procedure

1. The Director of Planned Giving may prepare illustrations and proposals, which demonstrate the tax aspects of life estate agreements.
2. In addition to the ordinary policies and procedures required for acceptance of gifts of real estate, the Director of Planned Giving shall have an agreement drafted or reviewed by legal counsel.
3. The agreement shall be between the donor, and the donor's spouse, and Central Michigan University. The agreement shall provide that payment of any taxes, insurance, and assessments be borne by the donor(s). It should also include any other necessary terms and conditions pertaining to the gift.
4. Gifts of life estates are valued at the appraised value. Such value is used for determining gift club membership.
5. Donors receive a receipt only for the charitable remainder interest value of the real estate.

6. The Director of Planned Giving shall see that regular contact is maintained with donors of Retained Life Estate Agreements.
7. Upon the death of the last life tenant, the Central Michigan University Board of Trustees shall decide whether to hold, sell or lease, the property, or use the property for University purposes.