

Quick Guide for Real Estate Acceptance Or Acquisition And/Or Sale

Acquisition/Donation:

1. Receive approval from Board.
2. Order environmental assessment Phase 1 study.
3. Order independent appraisal. Two may be needed if amount is larger than \$250,000.
4. After environmental study is completed with no issues, make an offer to accept purchase based on appraisal of fair market value.
5. After offer has been accepted, set closing.
6. After closing and deed recorded, send same to local government requesting tax exempt status for the CMU property.

Sell:

1. Receive approval from Board of Trustees.
2. Retain realtor to represent CMU or handle internally.
3. Order independent appraisal from qualified company.
4. Advertise for offers based on appraisal with deadline and maximum offer.
5. After opening offers, award to best offer based on cash or contract that would suit seller.
6. Prepare closing documents if offer has been accepted or order title commitment and have Title Company complete closing for fee.
7. Notify local government to place property back on the tax rolls.

Property Acquisition and Sale Notes:

The decision for CMU to accept property rests solely with the Central Michigan University's Board of Trustees and is based on whether the acquisition is a sound business decision for the university. CMU needs to realize more from the sale of property than it would incur keeping and maintaining the property.

Questions:

Is the property unencumbered, i.e., mortgages, levies, etc.?

What is the current SEV?

When was the date of the last appraisal?

Are there any ongoing fees (association, etc.)?

Is the property exempt from property taxes for CMU?

CMU shall receive a baseline environmental assessment of the proposed property. If the results are OK, CMU will proceed. If the results are not OK, CMU should carefully consider whether to accept the property. The cost of this assessment is approximately \$2,100 (2004).

Owner and CMU begin negotiations to ascertain what liabilities the donor will keep and what liabilities CMU will incur, i.e., common law rules:

- Donor continues to pay property taxes
- Donor continues to pay maintenance expenses unless the maintenance is a major investment in the property or major repair

CMU Counsel or realtor retained by CMU drafts a document containing the conditions of the sale.

CMU Counsel and outside counsel either drafts the conveyance or reviews the conveyance.