

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION PROPERTY ACCEPTANCE PROCEDURES

Before a gift of real estate may be considered for acceptance, it is beneficial for the donor to provide as much information and documentation about the property as reasonably possible. Information and documentation includes, but is not limited to, a copy of the deed; a copy of the plat; the tax map number; general location of the property; a copy of the most recent appraisal, if available; information concerning any environmental problems on the property, including an environmental assessment if available; and any additional pertinent information such as restrictions on the property or other fees associated with the property.

All gifts of real property shall be accepted under the following procedures:

1. The property must be appraised by a certified, independent appraiser (An MAI certified appraiser is preferred in all cases, but required should the property value be greater than \$100,000. If no MAI appraiser is available for property greater than \$100,000, then two (2) certified appraisals should be obtained.). This is the donor's responsibility per IRS regulations. An IRS Form 8283 must be completed and signed by a registered appraiser as well as by a Clemson University Land Stewardship Foundation (Foundation) officer for donor tax deductibility purposes. In accordance with IRS regulations, the appraisal must be made not earlier than 60 days before the date property is contributed.
2. A certified title examination must be performed. If there is a defect in the title, donor shall have reasonable time (e.g. 20 days) to cure defect in title, and the Foundation shall not incur any cost associated with perfecting the title.
3. If the property is anything other than residential lots and/or houses, the Foundation Board of Directors may require the donor to provide a Level I environmental survey prepared by an environmental engineer, certifying that there are no hazardous waste materials on the property.
4. In the case of improvements on the property, an inspection may be required to show the condition of the property along with an inventory of any accompanying personal property.
5. A visual inspection and analysis of the property will be performed with attention focused on potential problem areas of undeveloped lots or recreational subdivision, remote land with access problems, real estate in blighted areas such as slums, high debt or properties subject to liens, overvalued real estate, restricted sales provisions or unbuildable land and limited partnership interest.
6. Marketability and the costs associated with holding the property for sale are also taken into consideration before a gift is accepted. Carrying costs may include property taxes, mortgage payments, maintenance, insurance, and association or membership fees.
7. Acceptance or sale of property, or denial there of, will be accomplished by a vote of the members of the Foundation Board. Such vote may occur via electronic mail. The Board's role in approving such donation is to include, but not be limited to, ensuring reasonable and beneficial value is received and appropriate due diligence is accomplished prior to acceptance.

Questions about values, title status, hazardous waste and/or property condition shall be resolved prior to acceptance.

Restrictions

In order for real estate gifts to qualify for a tax deduction, the gift must be for exclusive use of and under control of the Foundation. It is important for the donor of such gifts to understand that the item may be sold as soon as advantageous and that the Foundation will seek to obtain the best possible price to meet its fiduciary responsibility to the University and the

donor. All direct expenses related to outright gifts of real estate will be charged to the project, and the net proceeds will benefit the gift purpose. Once the property has been given to the Foundation, but prior to a sale, any taxes, insurance, and maintenance fees will either be paid out of the income earned by the real estate, or the donor may be asked to make a donation to the Foundation to cover such costs. The net income/expense to the donor of this action (should it be necessary) is exactly the same as if the donor had retained ownership; however, the donor may be able to receive favorable tax treatment for such a gift. Where unusual carrying costs are anticipated the donor of the property may be asked to cover these expenses. Once the property is sold, the proceeds will be used by the University as directed by the donor and the Foundation will file with the Internal Revenue Service any reports required by law (e.g. IRS Form 8282, required of property sold within three (3) years of donation).

It is preferred that all real estate be donated fee simple with no restrictions. If restrictions are desired, donors should be encouraged to restrict the income or sale proceeds instead of the property because too often the intended use is not economically feasible. A donor's request that restricts the use of the real property will require the Foundation to become involved in property management or contract with management firms. In either case, the cost of realizing the donor's intent may become a liability to the Foundation or the University.

Management Fee

Each donation of real property will be charged a management fee by the Foundation. This fee will help offset the indirect costs associated with guiding the property through the donation process and closing the transaction, as well as the day-to-day operations associated with the holding and sale of the property.

The management fee for donations of real estate is 5% and is capped at \$25,000. For properties which are placed on the market for sale, the management fee will be applied at the time of sale and will be based on the sales price. For those properties which are held for programmatic purposes, the management fee will be charged to the utilizing entity and will be based on appraised value and collected over a period of up to three (3) years. Depending on management efforts of the Foundation for properties held for programmatic purposes, an ongoing operations management fee may be considered.