

Department: Development

Subject: **Gift of Real Estate and Other Gifts Related To Real Estate**

Effective Date: February 4, 1998

DESCRIPTION: This policy sets guidelines for accepting gifts of real estate, and other gifts related to real estate, such as promissory notes and mortgages.

RESPONSIBLE PARTY:

LEGAL REFERENCE: See IRS Publication 526 and 561, Form 8283 and 8282

CROSS-REFERENCE:

PURPOSE: Coastal Community Foundation (“CCF”) wishes to assist donors desiring to make charitable gifts using real estate. The following policies and procedures are designed to protect the interests of both the donor and CCF. Each situation will be considered individually.

POLICY STATEMENT: One of the primary considerations in acceptance of real property is its value relative to its marketability. The property must be without environmental concerns and readily marketable (able to be sold within one year).

Donors should cover all expenses incurred in the acceptance and liquidation of a real estate gift. Such expenses include but are not limited to association fees, documentary stamps, surveys (plats), mortgage assumption fees, termite inspections, structural inspections of buildings, inspections of all utilities, commissions, appraisal fees, title work, closing costs, legal fees, property taxes, insurance, environmental assessments, and maintenance costs. Donors should consult with their advisors as to the tax-deductible nature of such expenses.

Generally, donated properties must be in material compliance with all applicable zoning, land use, building and health code and other laws, rules and regulations, and where appropriate, a certificate of occupancy must be provided for improved properties.

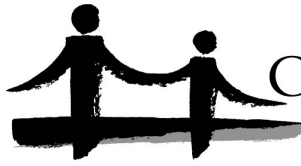
The donor may be required to indemnify CCF against any liabilities associated with the property.

CCF normally will not accept real estate encumbered by a mortgage or other liens.

CCF will consider accepting encumbered property if it determines that the property can be sold for sufficiently more than the aggregate amount of all encumbrances and associated costs, thus warranting the additional risks and costs.

CCF normally will not accept property which is encumbered by a level of debt that may unduly burden CCF or adversely affect the marketability of the property.

A gift of encumbered real property may cause adverse tax consequences to the donor. Legal advice should be sought by the donor.



CCF will weigh carefully its ability to manage the property for the time necessary to sell the property.

Acceptance of income-producing property may subject CCF to unrelated business income tax, so such properties must be considered carefully.

Accepting a property with ongoing expenses may also be inadvisable.

The location of the property, relative to its supervision and management, will also be considered.

CCF will take into account the depreciation of real estate in considering gifts offered.

If the donor has taken accelerated depreciation in excess of straight-line prior to making the gift, the donor will be responsible for making any recapture payments to the IRS.

Likewise, property taxes must be paid by the donor until the date of transfer of the property.

Donated real estate will normally be sold as soon as possible, though CCF may make exceptions in specific situations. CCF reserves the right to sell donated real estate for what it deems to be an appropriate value.

Procedures for Accepting Outright Gifts of Real Estate:

CCF staff and the donor will meet to examine the property visually and to discuss appropriate gift arrangements with the donor. The approval process requires complete documentation and approval by CCF's Board in consultation with CCF's legal counsel and staff.

The Community Foundation's "Checklist for Real Estate Gifts" is to be completed and documents provided as requested.

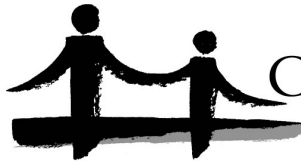
Proper market and financial analyses should be performed prior to acceptance to determine whether the gift is a financially sound acquisition for CCF.

CCF may require a physical inspection of the property and/or a Phase I Environmental Audit completed by a qualified specialist acceptable to CCF and paid for by the donor.

An appraisal may be requested by CCF. If so, it is to be prepared by an independent appraiser according to IRS guidelines, at the donor's expense.

Documentation will normally include: fund agreement, expense reimbursement and fee agreement, deed, title insurance policy, and the donor's affidavit as to environmental and other liabilities. The donor should make known and indemnify CCF from all liabilities.

In general, CCF will require that title be conveyed to it by a general warranty deed.



Depending on the complexity and value of the property being donated, the donor may be asked to make a contribution to cover CCF's additional costs beyond those mentioned above.

If the gift is accepted, staff will have the deed recorded, acknowledge the gift and provide the donor with IRS form 8283 which must be signed by CCF and the appraiser and submitted to the IRS by the donor. Establishing the value is the responsibility of the donor. If CCF sells the property within two years, CCF must file IRS form 8282 informing the donor and the IRS of the amount for which the property sold.

Disposition of Real Estate:

Donated real estate will normally be sold as soon as possible, though CCF may make exceptions in specific situations.

CCF reserves the right to sell donated real estate for what it deems to be an appropriate value.

Policies for Accepting Other Gifts Related to Real Estate:

Promissory Notes and Mortgages. Under extenuating circumstances, CCF will consider accepting promissory notes and mortgages as gifts. The payment history will be considered in accepting such gifts. The value of the gift will be determined by an independent appraiser, at the donor's expense.

Bargain Sale. CCF will consider entering into a bargain sale with donors ~ the sale of property to a charitable organization for less than the property's fair value. In effect, the seller makes a charitable contribution equal to the difference between the property's fair value and its selling price. Bargain sale properties must be appraised independently, at the donor's expense.

Gifts of Real Estate with Retained Life Tenancy. In considering gifts of a remainder interest in properties, CCF will follow the above guidelines for acceptance of fee title to real property, with the donor covering all costs. The gift value and anticipated value of property at the end of the life tenancy will be calculated by CCF when the gift is made.

There should be a reasonable expectation that the property can be sold within one year of the death of the donor or tenant. CCF will also take into consideration the potential use of the property during the life tenancy, to avoid accepting property that may become a liability in future years. Donors of any age may make a gift through a retained life tenancy, although reduced tax advantages and logistical problems may make this kind of gift unattractive to younger donors.



COASTAL COMMUNITY FOUNDATION

OF SOUTH CAROLINA

Give Back. Look Forward.

CCF reserves the right to accept or decline any gift of real estate and all gifts must be approved by the Board. Exceptions to the above policies may be made with approval of CCF's Board.

DEVELOPED BY:

APPROVED BY: Board of Directors

REVISED BY: CCF Staff

REVISION APPROVED BY:

DATE:

DATE: 2/4/1998

DATE: 12/19/2007

DATE: