

**POLICIES AND PROCEDURES  
OUACHITA TECHNICAL COLLEGE**

**SUBJECT AREA: Foundation**

**POLICY/PROCEDURE: Gifts of Real Property**

**DATE: July 25, 2000**

**NUMBER: 3.50**

**REVISION(S):**

1. The OTC Foundation will not hold real property in excess of two years simply to circumvent IRS tax reporting requirements.
2. The OTC Foundation Real Estate Checklist must be completed to help determine whether acceptance of the gift is prudent.
3. Gift acceptance must be approved by the Board of Directors, upon recommendation of the President and the Vice President of Finance and Administration.
4. Acceptance of debt-encumbered property by the OTC Foundation is unlikely if the loan exceeds 50% of the property value. Acceptability will be determined on a case-by-case basis.
5. All real property gifts must be carefully reviewed for undisclosed contingent liabilities. Note that liability for environmental contamination or toxic waste, particularly with oil and gas properties, may be imposed upon any individual or organization in the chain of ownership, even if the damage or contamination occurred prior to their ownership. This “innocent liability” may be avoided by showing reasonable efforts were made to ensure the property was free of contamination. Liability may be extended to all types of property interests, including split or undivided interests (such as royalties, surface rights, subsurface rights, leasehold interests, and working interests).
6. The OTC Foundation staff must also review all gifts of residential property (with the assistance of a professional consultant when appropriate) to determine the need for an environmental audit. An OTC Foundation Environmental Checklist must be prepared in each case. The expense of an environmental audit by a licensed professional may not be required as further evidence of “innocent liability” if the Environmental Checklist does not identify any risks of toxic contamination.
7. A comprehensive environmental audit is required for non-residential property, such as gifts of farm or ranch land, commercial and industrial property, undeveloped realty, and all gifts of any interest in mining or oil and gas properties. The audit must be performed by a property licensed or certified professional (e.g. geologist or hydrologist). He or she will conduct either a

preliminary, intermediate, or extensive environmental audit as may be required to demonstrate due diligence and care in accepting the property as free from contamination. This should be documented properly for legal purposes. In certain cases a donor may be required to execute an indemnity agreement before the gift can be accepted.

8. A current independent appraisal and a preliminary title report should be obtained, preferably at the donor's expense, to confirm value and ownership of the property.
9. A survey should be obtained if there is any question regarding boundaries, easements, or access to the property.
10. Generally, the donor should not place terms or restrictions on the property regarding its use or subsequent sale by the OTC Foundation. Restrictions must be considered by the appraiser for purposes of valuation and must be approved by the Foundation Board prior to acceptance.
11. The OTC Foundation must secure adequate insurance coverage for the property.
12. Shortly after acceptance, the OTC Foundation will seek to sell donated real property that it does not plan to use as part of its charitable activities. A timely sale will minimize contingent liabilities, maintenance, and other costs.
13. The OTC Foundation will not accept a gift involving real property that makes the Foundation a principal in a real estate partnership, joint venture, or business activity in which the Foundation participates fully in the risks of operation and has more than limited liability for the conduct of the business (e.g. as a general partner, principal in a joint venture, or as an owner of a "working interest").
14. The Vice President of Finance and Administration should advise the donor to comply with IRS Form 8283 reporting requirements for non-cash gifts (other than publicly traded securities) in excess of \$5,000 in value. The President should execute the donee acknowledgement section of Form 8283 and return it so that it may be filed with the donor's federal income tax return. The Vice President of Finance and Administration should note the appraised fair market value reported on the form by the donor and respond appropriately to any discrepancy or irregularity. Note, however, that signing the form on behalf of the Foundation as donee does not represent concurrence in the appraised value of the donated property.

AUTHENTICATION (Signature):		COPP
_____	7/25/00	
President	(Date)	3.50