

**HUMBOLDT STATE UNIVERSITY REAL ESTATE HOLDINGS  
REAL ESTATE ACQUISITION GUIDELINES  
(ADOPTED MARCH 30, 2017)**

Humboldt State University Real Estate Holdings (HSUREH) is a supporting organization of the Humboldt State University Foundation (HSUF) and was created to accept, hold, manage, and at times sell certain real property on behalf of the Foundation, Humboldt State University (HSU) or the California State University system (CSU).

**Criteria for Acceptance of Real Property**

HSUREH will consider acquisitions of real property subject to the following criteria:

1. HSU or HSUF has an interest in acquiring the property
2. The charitable purposes of HSUF or HSU will be advanced with the acquisition of the property
3. It is fiscally prudent to acquire the property under the terms offered
4. HSUREH in combination with other partners has the ability to manage the property

**Items for Review**

**Market Value and Marketability** – A reasonably current qualified appraisal of the fair market value of the property is required. In addition, a market analysis by a qualified Realtor may be required if the property is expected to be sold.

**Required Disclosures to the Donor** – Prior to consideration for acceptance by HSUREH, the donor and/or property owner must be informed that:

- If the property is accepted as a charitable contribution, the donor may be required to secure a qualified appraisal in order to substantiate the value of the contribution for charitable deduction purposes. This appraisal is the responsibility of the donor because it is for his or her tax purposes.
- Prior to determining whether or not it will accept the property, HSUREH will conduct a review for potential environmental and other hazardous conditions on the property. If such issues are identified the HSUREH may be required to disclose their existence.

The donor and/or property owner must be informed that such disclosures could affect the value of the property whether or not HSUREH accepts the property.

- HSUREH may liquidate any of the properties it owns if it is in the best interest of HSUREH, HSUF, or HSU. If HSUREH decides to dispose of the property it will attempt to sell at a reasonable price regardless of the value placed on the property by any appraisal. If the sale occurs within three years of the charitable contribution, the HSUREH is required to report the sale price to the Internal Revenue Service.

**Site Visit** – Representatives of HSUREH will conduct a physical inspection to verify the condition of the property. This site visit should make note of the improvements and amenities, if present, and defects in paint, plumbing, appliances, roofs, foundation, walls, floors and grounds. If necessary, the opinion of a contractor or other specialists will be secured.

**Potential Environmental Risks** – Proposed gifts of real property, including gifts from estates, are to be subjected to an environmental review performed by a qualified professional. An exception may be considered only for residential property that has been used solely for residential purposes for a significant period of time. In cases where this exception applies and no environmental audit is undertaken, the HSUREH may require the donor and/or property owner to execute an environmental indemnity agreement.

**Carrying Costs** – An inventory of the existence and amount of any carrying costs, including but not limited to property owners' association dues, country club membership dues and transfer charges, taxes and insurance must be compiled. For properties expected to be held for a period of time, a financial projection must be prepared showing that the property can operate for a minimum of ten years without additional resources from HSUREH. For properties expected to be sold, the anticipated expenses must be itemized and a source of funding identified.

**CSU Due Diligence** – If it is anticipated that the property might be transferred to HSU or State ownership, the CSU's due diligence requirements must be completed prior to acceptance by HSUREH. The Associate Vice President for Facilities Management is responsible for completing the CSU due diligence requirements.

**Title Information** – Copies of any title information or documentation in the possession of the donor or property owner, such as the most recent survey of the property, a title insurance policy, and/or an attorney's title opinion, must be furnished to HSUREH for review.

## Approval and Acceptance Process

Once a property has been identified and there is sufficient interest in it...

1. The Associate Vice President for Facilities Management of HSU will submit a written summary of the proposed gift to HSUREH. The summary will normally include the following information:
  - Complete legal description of real property and copy of warranty deed, if possible
  - Tax status of the property and any current or proposed assessment
  - Current zoning and any proposed changes
  - Mortgage balance, if any
  - Lease or rental information, if applicable
  - Any oil, gas, mineral, or other rights that may or may not be transferred
  - A qualified appraisal of the property and, if marketing for sale is anticipated, a market analysis of the property including listing information if the property is currently on the market
  - Any potential for income and expenses, encumbrances, and carrying costs prior to disposition
  - Any environmental risks or problems revealed by audit or survey
  - Any special arrangements requested by the donor concerning disposition (e.g., price considerations, time durations prior to disposition, realtors or brokers with whom the donor would suggest the property be listed, etc.)
2. All gifts of real property must be accompanied by a written request from HSU that HSUREH accept the property
3. Only after the HSUREH Board of Directors has approved acceptance of the proposed property will the Associate Vice President for Facilities Management ensure that legal title has been properly recorded.
4. After title has been properly recorded the HSU Foundation and Development offices will ensure that the contribution is acknowledged and that the donor has received a charitable contribution receipt and IRS Form 8283 with instructions.