

HCCF Real Estate Supporting Organization, Inc.

Gift Acceptance Policy & Guidelines

A. OVERVIEW

The HCCF Real Estate Supporting Organization, Inc., a not-for-profit, organized under the laws of the State of Indiana, as a supporting organization of the Harrison County Community Foundation (the “Foundation”) encourages the solicitation and acceptance of gifts of, or the acquisition of, real estate and other related assets to the HCCF Real Estate Supporting Organization, Inc. (hereinafter referred to as the “RESO”) for purposes that will help the Foundation and the RESO further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to the RESO for the benefit of the Foundation and its mission.

B. MISSION STATEMENT

The RESO is a public foundation established for the receipt of real estate donations or the location of real estate acquisitions for benefit of the philanthropic purposes of Harrison County, Indiana.

C. PURPOSE OF POLICIES & GUIDELINES

The RESO Board of Directors, assisted by the Foundation staff, may receive current and deferred gifts of real estate or may purchase real estate, from individuals, corporations, governmental entities and foundations to secure the future growth and mission of the RESO. It is the purpose of these policies and guidelines to govern the acquisition of real estate through gift or purchase by the RESO and to provide guidance to prospective donors and their advisors when making gifts to the RESO. The provisions of these policies shall apply to all gifts received by the RESO for any of its programs or services for the benefit of the Foundation and the RESO mission. The Board may refuse any offered gift of real property that is judged not to be in the best interest of the Foundation and the RESO. This policy is also applicable to all real estate acquired by the RESO through an outright purchase.

D. CONFIDENTIALITY

A donor may request that his/her gift remain anonymous or that his/her gift not be publicly recognized.

E. USE OF LEGAL COUNSEL

The Foundation shall seek the advice of legal counsel in matters relating to acquisition or acceptance of gifts of real estate, and where appropriate, this action will include:

1. Review of documents naming the RESO as Trustee or in instances where the RESO will appear in the chain of title indicating ownership under the public records,
2. Review of all gifts involving contracts, such as bargain sales or other documents requiring the RESO to assume an obligation or risk,

3. Review of all transactions with potential conflict of interest that may involve IRS sanctions, or
4. Such other instances in which use of counsel is deemed appropriate by the RESO Board of Directors.

F. CONFLICT OF INTEREST

All prospective major donors shall be strongly urged to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences, if any. It is the practice of the RESO to inform, serve, guide, or otherwise assist donors who wish to support the mission.

G. RESTRICTIONS OF GIFTS

The RESO will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. The RESO will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the Foundation and the RESO.

H. TYPE OF REAL ESTATE ACQUISITIONS

1. Transfer of Title to Entire Parcel: Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, the RESO shall require an initial environmental review of the property to insure that the property is not contaminated with environmental damage. In the event that the initial inspection reveals a potential problem, the RESO shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor. In the case of a sale within two years of the date of the gift, the RESO will report the actual sales proceeds to the IRS on Form 8282 ("Donor Information Return").

Where appropriate, a title search shall be obtained by the RESO prior to the acceptance of the real property gift. The cost of this service shall generally be an expense of the donor. Title search criteria for acceptance of the property shall include an evaluation by staff of the following issues, to be presented to the RESO Board of Directors prior to acceptance:

- a) Is the property useful for the purposes of the RESO?
- b) Is the property marketable? (Whenever practical, arrangements will be made to have a realtor analyze the property to evaluate the existence of a market for such property.)
- c) Are there any restrictions, reservations, easements, or other limitations associated with the property? (Legal counsel will review the title report.)
- d) Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with property? (Staff will prepare a

budget of all projected expenses.)

e) Does the environmental audit reflect that the property is not damaged?
(What is next step?)

2. Remainder Interests in Property: The RESO may accept a remainder interest in a personal residence, farm, or vacation home subject to the provisions of paragraph 1, above. The donor may continue to occupy the real property for the duration of the stated life. At the death of the donor, the RESO may use the property or reduce it to cash. Where the RESO receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are usually to be paid by the donor.

3. Oil, Gas, and Mineral Interests: The RESO may accept oil and gas property interests, where appropriate. Criteria for acceptance of the property shall include:

- a) Gifts of surface rights should have a value of \$20,000 or greater,
- b) Gifts of oil, gas or mineral interests shall generate at least \$500 per year in royalties or other income (as determined by the average of the three years prior to the gift),
- c) The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate,
- d) The property should undergo an environmental review to ensure that the RESO has no potential exposure to environmental liability.

4. Bargain Sales: The RESO may enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Foundation and the RESO. Factors used in determining the appropriateness of the transaction include:

- a) The RESO must obtain an independent appraisal substantiating the value of the property,
- b) If the RESO assumes debt with the property, the debt ratio must be less than 50% of the appraised market value,
- c) The RESO must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt,
- d) The RESO must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

5. Liens, Mortgages and Encumbrances: Property which is subject to liens, unpaid mortgages, deeds of trust, judgment liens, unpaid taxes or assessments, mechanics' liens or other encumbrances will be accepted only in exceptional circumstances and upon advice from the RESO's legal counsel. If accepted, property which is subject to encumbrances will be evaluated as a "bargain sale" (i.e. a bargain sale is an arrangement whereby a donor offers property to the RESO for an amount less than its current fair market value, and is subject to the provisions of paragraph 4 above).

I. COSTS AND FEES

1. Administrative fees will be assessed on Real Estate Gifts in the discretion of the RESO Board of Directors.
2. Except in extraordinary circumstances, the Foundation will not pay for legal assistance, appraisals or other services on behalf of the donor.
3. The RESO will not establish or corroborate the value of any property for the purpose of substantiating the donor's income tax charitable deduction.

J. DONOR RESPONSIBILITIES

1. The donor will be responsible for obtaining a qualified appraisal complying with IRS regulations, if necessary for the purposes of establishing the value of the gift for federal income tax purposes, including the preparation of Form 8283 ("Noncash Charitable Contributions") See Treasury Reg. 1.170A-13(a) for requirements and exceptions.
2. It is the donor's responsibility to pay for the Deed and other instruments which are necessary to transfer the property to the RESO. All proposed transfer instruments must be reviewed by the RESO's legal counsel prior to acceptance.
3. Prior to acceptance of the property, the RESO thru the Foundation staff and the donor must agree in writing on arrangements for paying expenses associated with the property, such as commissions, real estate taxes, utilities, insurance, and maintenance costs.
4. Donors will be encouraged to discuss contemplated bequests of real estate before finalizing their wills. Property that is bequeathed to the Foundation or the RESO will be evaluated in accordance with this Policy and Procedure like all other gifts of real property.

K. CHANGES TO POLICIES

The RESO Board of Directors must review and approve any changes to, or deviations from, these policies.

Adopted October, 31, 2012