REAL ESTATE ACQUISITION AND DISPOSITION POLICY

(Also see Gift Acceptance Policy)

PURPOSE

This policy will serve to guide the trustees of the Valdosta State University Foundation, Inc., in making prudent decisions regarding real property owned by the Foundation. It is not the intention of the Foundation trustees to be real estate investors, except when the acquisition and disposal of real property benefits Valdosta State University in its mission to serve the South Georgia region. While gifts of real estate can be valuable, without due diligence and careful management, they can also be problematic and costly. (See Gift Acceptance Policy for guidelines for accepting real estate gifts). *Real Estate acquisitions by the Foundation should be in keeping with the university's overall physical plan for the campuses.*

Gifts

Outright gifts of real estate will be sold within a reasonable time after the gift is made unless it fits into the University's master plan, short term or long-range goals. When leased properties are given to the Foundation, tenants should be encouraged to remain until disposition of the property is accomplished. This will provide an income stream to help defray the costs of maintenance and other expenses associated with the property. *Proposed real estate gifts with conditions and restrictions should be carefully reviewed and declined if those conditions and restrictions have the potential to jeopardize the integrity and/or the financial well being of the Foundation. Favorable public perception of how the Foundation and University conduct business is vitally important to the future of the institution*.

Debt Encumbered

(Also see Item 8, Gift Acceptance Policy)

It is the intent of the VSU Foundation not to accept real estate gifts that carry debt; however, under specific circumstances that benefit the approved master plan and the mission of the University, the trustees may approve the real estate transaction.

Proposed *real estate gifts that are encumbered by debt must* be accompanied by a written agreement between the donor/seller and the Foundation outlining at least the following:

- State the debt balance as of the date of the agreement
- Acknowledge any other encumbrances such as liens, unpaid taxes, deed restriction, etc
- State full disclosure of any problems, costs or other deficiencies of the property whether environmental, physical, legal, or other

*Total debt cannot exceed 50% of the fair market value of the property***.** This value will be determined by an appraisal done by a qualified, competent, ethical appraiser. The Foundation should not rely on the appraisal obtained by the donor/seller for tax purposes.

Competitive market analyses and "windshield" estimates of value are **NOT** acceptable for Foundation purposes.

Selling

Foundation property made available for sale should be listed with a qualified real estate broker who is active in the appropriate segment of the market---commercial, residential, farms, etc. All agreements with the broker should be outlined in the Listing Agreement included commissions, terms of the listing, multiple listing service exposure, and other issues surrounding the transaction. *Under no circumstances should there be verbal or otherwise unrevealed agreements not shared with all parties involved.*

In the spirit of fairness and goodwill, it is the policy of the Foundation to use various brokers for properties that are listed for sale. Care should be taken to **NOT** favor or appear to favor real estate brokers who are also Foundation trustees.

In order to assure that the best price is obtained, the property should be listed for sale and exposed to the open market before offers are accepted.

Purchasing

The Foundation, in service to the University, will sometimes purchase real estate for expansion of the campuses. When considering properties to be purchased, attention should be focused on the University's master plan for the campuses; and the projected directions of growth. In acquiring needed properties, gifts and bargain sales of the needed parcels should be considered and encouraged.

Prior to purchasing properties, the Foundation trustees will require the following:

- An appraisal to establish fair market value by a certified, competent and ethical real estate appraiser. (NOTE: It is not appropriate to accept appraisals obtained by the seller or competitive market analyses and "windshield" estimates of value).
- A Phase I environmental site assessment conducted by a professional and qualified firm or individual. If further testing and investigation is indicated, those tests will be conducted **PRIOR** to the purchase.
- Full disclosure in writing from the seller of any and all problems or issues that involve the property whether physical, financial, environmental, legal or other.

In purchasing real property on behalf of the University, the Foundation trustees should be mindful that the properties will eventually be deeded to the Board of Regents for the benefit of the University and must meet all standards for university system real properties as outlined in the updated policies of the BOR of the University System of Georgia.

Adopted July 25, 2003