THE GREATER CINCINNATI FOUNDATION
POLICY FOR POTENTIAL GIFTS OF
REAL PROPERTY

Adopted December 4, 1996
Revised November 9, 2007
Revised June 2, 2010
Updated January 9, 2013

I. PURPOSE.

As a trusted philanthropic partner, The Greater Cincinnati Foundation ("GCF") inspires current and future generations to invest in a more vibrant and prosperous Greater Cincinnati where everyone can thrive. The purpose of this policy is to govern the acceptance of gifts of real property to best serve the interests of GCF and the donor. This policy is to provide guidance to donors and their professional advisors in completing gifts of real property. The purpose of the gift must be charitable. GCF must ensure that the donor’s wishes will be fulfilled through the acceptance of the gift.

II. GENERAL GUIDELINES.

A. Gift Review. Proposed gifts of real property, whether current or deferred, will be evaluated on a case-by-case basis in accordance with GCF’s policies and procedures. The President or Vice President for Giving Strategies or the Vice President for Finance and Administration will have the overall authority to handle inquiries, negotiate with the donors, assemble documentation, retain appraisers, surveyors, realtors and other technical consultants, and execute agreements on behalf of GCF. Gifts of real property will be accepted only after the requirements of GCF’s policies and procedures have been satisfied and with the prior approval of the President/CEO (in consultation with the Vice President for Giving Strategies and the Vice President for Finance and Administration). GCF may refuse any proposed gift of real property that is judged not to be in the best interests of GCF or the donor. Assuming such activities follow approved policies and procedures and assuming such agreements are approved by GCF’s legal counsel, this authority to act will not require review or further approval by the Governing Board.

B. Gift Parameters. Generally, a gift of real estate should be worth $100,000 or more to be worthwhile. (Property worth less than that should have enough value to cover direct costs of the sale as well as the cost of GCF staff time in managing the property and sale process.)

C. Evaluation of Potential Gifts.

1. Types of Interest. GCF may accept a variety of interests in property. GCF will not accept time shares.

2. Liens, Mortgages and Encumbrances. Property which is subject to liens, unpaid mortgages, deeds of trust, judgment liens, unpaid taxes or assessments, mechanics’ liens, leases or other encumbrances will be accepted only in exceptional circumstances and upon advice from GCF’s legal counsel. If accepted, property which is subject to encumbrances will be evaluated as a “bargain sale” (a bargain sale is an arrangement whereby a donor offers property to GCF for an amount less than its current fair market value).

1Interests that may be considered include a full interest, partial interest, life estate, or leaseholds.
3. Property and Report Form. Upon initial inquiry, potential donors will be asked to complete a Real Property Disclosure Form and return it to GCF with appropriate maps and documentation. (See Attachment 1 for the Real Property Disclosure Form).

4. Field Evaluation. Following an offer of a gift of real property, a member of GCF staff or an authorized representative will visit the property.

5. Market Evaluation. Whenever practicable, arrangements will be made to have a realtor analyze the property to evaluate the existence of a market for such property.

6. Documentation. GCF will review any relevant documentation in consideration of the proposed gift which may include, but is not limited to: a qualified appraisal, environmental audits, evidence of title, the Property Disclosure Form, proposed transfer instruments, and any proposed agreements or arrangements pertaining to the property. Such documentation and transfer documents must be reviewed by GCF’s legal counsel.

7. Sale or Liquidation. It should appear reasonably certain that the real property interest proposed to be transferred to GCF will be sold or liquidated for a fair value and proceeds received into a component fund of GCF within a specific time frame, preferably less than five years.

In the alternative, it should appear reasonably certain that the real property interest proposed to be transferred to GCF will generate annual income sufficient to provide a reasonable rate of return for the component fund into which it is received. For purposes of this policy, the definition of “a reasonable rate of return” shall be determined by GCF, in its sole discretion. The President/CEO (in consultation with the Vice President for Giving Strategies and Vice President for Finance and Administration) shall have the authority to determine whether the requirements of this paragraph have been met.

If the property listed on Internal Revenue Service (IRS) Form 8283 is sold, liquidated, or otherwise disposed of within three years of receipt, per the IRS, GCF is required to file IRS Form 8282 (“Donee Information Return”), unless the gift was valued below $500 or was distributed for charitable purposes. See Treas. Reg. 1.6050L-1.

8. Administrative and Investment Fee Schedule. Prior to accepting a gift of real property, GCF will negotiate with the prospective donor an appropriate fee schedule for the administration and investment of the component fund that will receive the gift. If the transferred interests have not been liquidated or sold within five years from the date of the initial gift, and if GCF determines that annual distribution income is insufficient to produce a reasonable rate of return for the recipient component fund, GCF may re-negotiate with the donor and impose a higher fee schedule on the recipient component fund.

9. Tax Deductibility. The allowable tax deduction for gifts of real property will be subject to the IRS rules for real property and bargain sales, if relevant. GCF will provide the donor with any substantiation required for the donor to obtain a tax deduction.

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2 Treasury Regulations require that GCF assure that its funds produce a reasonable rate of return. This can be particularly important for property held in designated funds, because while this requirement is applied based on the aggregate performance of most funds, it is made on a fund-by-fund basis for designated funds. See Treas. Reg. 1.170A-9(f)(11)(v)(F) and 1.170A-9(f)(13)(x). See Hoyt Legal Compendium for Community Foundations 90.
10. **Deferred Gifts of Real Property.** Upon becoming aware that GCF will or may receive a gift containing land under any Will that has been admitted to probate or any trust arrangement, the President of GCF will ask the executor, trustee, or other legal representative to conduct an environmental assessment similar to the one that GCF would require if it were to receive an inter-vivos gift. If the executor, trustee, or other legal representative has not made the assessment and if it does not do so, GCF should arrange an audit or decline to accept the gift.

*Note: Excess Business Holdings.* Gifts of business interests to a donor advised fund may raise the issue of excess business holdings under the Pension Protection Act and Internal Revenue Code section 4943. Excess business holdings exist when the holdings of a donor advised fund together with the holdings of disqualified persons exceed 20% of the voting stock of the incorporated business, 20% of the profit interest of a partnership or joint venture, or 20% of a beneficial interest of a trust or similar entity. In such a case, GCF must divest of the excess business holdings within a period not exceeding five years. Ownership of unincorporated businesses that are not substantially related to the fund’s purposes is also prohibited. (Generally, holding companies, the sole asset of which is real estate, should not constitute a business interest.)

IV. **RESPONSIBILITIES OF THE DONOR.**

**A. Property Disclosures.** The donor is responsible for completing the Real Property Disclosure Form and for providing GCF with accurate information of all existing real property costs, including but not limited to taxes and insurance premiums.

**B. Appraisal.** The donor will be responsible for obtaining a qualified appraisal complying with IRS regulations 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 Treas. Reg. 1.170A-13(c).

**C. Environmental Assessment.** The donor must obtain, at the donor’s expense, an environmental assessment satisfactory to GCF. No property will be accepted if there is a likelihood of any liability which could attach to GCF as a result of its taking title to the property.

**D. Evidence of Title.** The donor must furnish GCF with evidence of title which shows that title to the property is free and clear except for current real property taxes and restrictions of record which would not create any economic burden on GCF.

**E. Transfer Instruments.** It is the donor’s responsibility to prepare the deed and other instruments which are necessary to transfer the property to GCF.

**F. Remainder Interests.** For all proposed gifts of remainder interests made known to GCF during the donor’s life, the donor is responsible for providing GCF with accurate information for any inquiries made about the property before the possessory interest passes to GCF.

**G. Acceptance Agreement.** Prior to or upon acceptance of the gift, the donor and GCF must agree in writing to all the terms of the gift which will include the following (See Attachment 2 for a Sample Agreement for the Terms for a Gift of Real Property):
1. **No Material Restrictions.** Prior to or upon transfer of title to GCF, the donor and GCF will sign an agreement (approved by legal counsel) stating the terms of the gift, which must specify that there are no restrictions on GCF's right to use or convey the property.

2. **Expenses Associated with the Gift.** Prior to acceptance of the property, GCF and the donor must agree in writing on arrangements for paying expenses associated with the property, such as commissions, real property taxes, utilities, insurance, maintenance costs, or potential Unrelated Business Income Tax (UBIT). Generally, GCF will not advance funds from the Operating Fund for the payment of such expenses.

3. **Administrative Costs.** Prior to acceptance of the real property, GCF and the donor must agree on an appropriate fee schedule for the administration and investment of the component fund that will receive the gift. The donor should provide adequate assurances that the affected fund will have adequate cash to pay any administrative fees, either from the gift itself, income generated by the gift or from further contributions from the donor.

H. **Expenses in Preparation of Gift.** The donor is responsible for all expenses incurred during the preparation of the transfer of real property.

I. **Discuss Gift with Professional Advisors.** The donor is encouraged to and responsible for discussing all benefits, liabilities, and tax consequences derived from the gift of real property with their professional advisors before the gift is made.

J. **Discuss Gift with Family or Interested Parties.** Donors will be encouraged to discuss contemplated gifts of real property with their family or other interested parties before the gift is made.

VIII. **WHAT GCF WILL NOT DO.**

A. **Property Interests.** GCF will not accept interests in time shares, act as trustee of the property or hold any mortgages secured by the property.

B. **Donor Expenses.** Except in extraordinary circumstances, GCF’s Operating Fund will not pay for legal assistance, appraisals or other services on behalf of the donor. In general, the expenses will be deducted from the proceeds of the sale or otherwise charged against the fund holding the gift.

C. **Taxes.** GCF will not seek exemption from real property taxes for real property.

D. **Corroboration of Value.** GCF will not establish or corroborate the value of any property for the purpose of substantiating the donor’s income tax charitable deduction.

E. **Best Interest.** GCF will not accept any gift that would not be in the best interest of GCF or the donor.

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3 Property that is debt financed and produces an income may incur UBIT. If such property is accepted, the donor should provide adequate assurances that the affected fund will have adequate cash to pay any UBIT that may be incurred by holding or through the sale of such property.

4 Discharge of such expenses by GCF may be treated as taxable income if the payment of the liability would not have given rise to a deduction. See 26 U.S.C. section 108. Discharge of such expenses may also create a material restriction on the gift. See Treas. Reg. 1.507-2(a)(8)(iv)(B). See also Hoyt *Legal Compendium for Community Foundations* 69-70 FN 356.
I. General Information

Owner(s) __________________________________________ Phone _____________________________

Address ________________________________________________________________________________

_____________________________________________________________________________________

Property Interest Owned_______________________________________________________________

Property Interest being Gifted (if different than above)________________________________________

Property location _________________________________________________________________

_____________________________________________________________________________________

Land area (acres or sq. ft.) _____________________________________________________________

Building area (sq. ft. each floor) _________________________________________________________

Zoning _____________________________________________________________

Land Usage: Present_______________________________________________________________

Land Usage: Past_______________________________________________________________

Replacement cost of building ___________________________________________________________

Current property insurance coverage ______________________________________________________

Date of acquisition/form of acquisition _____________________________________________________

Current cost basis (includes improvements) _________________________________________________

Principal balance of mortgage __________ Current fair market value ____________

Assessed value for real estate taxes _______________________________________________________

Real estate taxes _________________________________________________________________

Land value _____________________________ Building value _____________________________

Most recent appraisal (date) ______________ Appraised value _____________________________

Appraiser ____________________________________________________________
Occupancy status after transfer of title to charity:

- Unimproved (no buildings)
- Unoccupied (building, but no occupant)
- Occupied (building with occupants)

Please check the box and provide any additional information you are aware of for any of the following items listed.

### II. Title/Zoning

<table>
<thead>
<tr>
<th>Title/Zoning</th>
<th>Additional Information</th>
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<tbody>
<tr>
<td>Title</td>
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<tr>
<td>Zoning variances, violations or special permits</td>
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<tr>
<td>Zoning violations</td>
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<tr>
<td>Restrictions or easements</td>
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<tr>
<td>Survey available</td>
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### III. Condition of Building

<table>
<thead>
<tr>
<th>Condition of Building</th>
<th>Additional Information</th>
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<tbody>
<tr>
<td>Foundations/slab</td>
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<tr>
<td>Basement water/dampness/sump pump</td>
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<tr>
<td>Roof leaks</td>
<td></td>
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<tr>
<td>General structural</td>
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<tr>
<td>UFFI (formaldehyde insulation)</td>
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<tr>
<td>Asbestos</td>
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<td>Lead paints</td>
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<td>Termites/ants/pests</td>
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<tr>
<td>Swimming pool</td>
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<td>Radon</td>
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<tr>
<td>Building systems</td>
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<td>Plumbing</td>
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<td>Electrical</td>
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<td>Heating</td>
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<td>Air conditioning</td>
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<td>Hot water</td>
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<td>Water supply</td>
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<tr>
<td>Sewage; type</td>
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<tr>
<td>Other fixtures</td>
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### IV. Rental/Condominium/Cooperative

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<thead>
<tr>
<th>Rental/Condominium/Cooperative</th>
<th>Additional Information</th>
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<tbody>
<tr>
<td>Building systems</td>
<td></td>
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<tr>
<td>Leases</td>
<td></td>
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<tr>
<td>Rental arrears</td>
<td></td>
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<tr>
<td>Last month’s rent/security deposit</td>
<td></td>
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<tr>
<td>Common area fees in arrears</td>
<td></td>
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<tr>
<td>Building or sanitary code violations</td>
<td></td>
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<tr>
<td>Operating/capital budget</td>
<td></td>
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</tbody>
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V. Environmental

A. History of property
   □ Property has prior or current use for
     industrial, commercial, agricultural,
     manufacturing, waste disposal or any other
     non-residential purposes

B. Condition of property
   □ Stressed or denuded vegetation or unusual
     barren areas
   □ Discoloration, oil sheens, or foul/unusual
     odors in water
   □ Storage drums
   □ Above or underground storage tanks; vent or
     filler pipes
   □ Evidence of oil or other chemicals in soil
   □ Evidence of PCBs
   □ Evidence of toxic air emissions

C. Adjacent properties
   □ Properties adjacent or close to subject have
     conditions requiring “yes” answer to any
     questions in (A) and (B) above
   □ Flood plain/wetlands/drainage
   □ Endangered plants or wildlife

Additional Information: __________________________
_____________________
_____________________
_____________________

Are you aware of any other information concerning any part of the land or buildings which might affect the decision of a buyer or affect value of property or affect use by buyer?

VI. Property Expense Budget

To hold this property as a GCF asset, the following income and expenses are anticipated:

A. Income
   1. Rent
   2. Other

B. Expenses
   1. Real estate taxes:
      First payment due _________ (date) __________
      Second payment due _________ (date) __________

   2. Utilities:
      □ Gas
      □ Oil
      □ Electric
      □ Water/sewer

Annual
_____________________
_____________________

Additional Information
_____________________
_____________________
_____________________

7
3. **Services:**
- Caretaker/property manager
- Landscaping
- Heating/cooling service contract
- Snow removal
- Pool services
- Common area charge (condominium)
- Security
- Other

4. **Maintenance/Repairs**

5. **Insurance**

**Total Expenses**

**Net Income (Loss)**

**VII. Additional Information on Sections II through VI**

**Acknowledgments**

**VIII.**

Owner(s) hereby acknowledge that the information set forth above is true and accurate to the best of my (our) knowledge

<table>
<thead>
<tr>
<th>Owner</th>
<th>Date</th>
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**Please return to:**

The Greater Cincinnati Foundation
200 West Fourth Street
Cincinnati, Ohio 45202-2602
Sample Agreement for the Terms for a Gift of Real Property

____________________, 20____

The Greater Cincinnati Foundation
200 West Fourth Street
Cincinnati, Ohio  45202
Attention: _________________________

Re: Gift of Real Estate

Dear ________________:

In connection with my gift of ___________________________ to The Greater Cincinnati Foundation (GCF), please be advised:

(1) It is likely that the property will be sold or liquidated for a fair value and proceeds received into a component fund of GCF within approximately five years or less.

(2) I agree that there will be adequate cash in the fund holding the property to pay administrative fees, either from the property itself or from further contributions which I will make. Further, I agree that I will make additional contributions to cover other expenses associated with the property, such as insurance, taxes, and, if applicable, utilities and repairs.

(3) There are no material restrictions which would prevent GCF from freely and effectively using or conveying the property in furtherance of its charitable purposes.

(4) I acknowledge that I am responsible for obtaining a qualified appraisal complying with IRS regulations for the purposes of establishing the value of the contribution, and that if the property is sold, liquidated, or otherwise disposed of within three years of its receipt by GCF, GCF is required to file IRS Form 8282 (“Donee Information Return”).

Very truly yours,

____________________________________

Agreed to and Accepted by:
The Greater Cincinnati Foundation

By____________________________