REAL ESTATE ISSUES:

The first possible pitfall is accepting real estate that either has environmental or other condition issues. The big one here is environmental issues. If you take contaminated property and are in the chain of title, you can be assessed clean-up costs by governmental agencies. Know what you are getting. Insist on seeing the property and have a checklist of questions that you want answered before you agree to accept the property. The UW Foundation doesn’t have a specific policy on this issue, but any time real estate is offered we make it clear that we won’t agree to accept it until we find out some things about the property. (See checklist attached as EXHIBIT A). Also, if your organization will be holding the property for some unknown amount of time, do remember to allow for the expenses of holding the property. You will have to pay property tax (unless it is being used to accomplish your mission) and lawns have to be mowed, utilities paid, snow plowed, toilets fixed, and other repairs may become necessary.

Also remember that the donor doesn’t have to give you the full ownership of the property. They can choose to give an undivided partial interest (it will affect the appraised value of the property) but you can be given a 20% or 30% interest in the property and then join in a sale of that property to a third party.

Be careful if there is a sale pending on the property – it may be too late to make the gift.

The bargain sale may also be a possible scenario for a nice gift. If the property is worth $150,000 and the charity buys the property for less than full value, the donor gets some deduction and also gets some cash and is relieved of his/her ownership obligations. The capital gain element in the property is divided pro-rata between the donor and the charity.
EXHIBIT A

University of Wisconsin Foundation Real Estate Questionnaire

Your name: ________________________________
Your Address: ________________________________
City, State and Zip Code: ________________________________
Home Telephone: ________________________________
Office Telephone (daytime): ________________________________
Email address: ____________________________________________

How do you prefer to be contacted: □ Phone at Home □ Phone at Office □ Email □ US Post

Street Address of the Property (including city and state where it is located: ________________________________

□ Your name only □ Joint tenancy with spouse □ Joint tenancy with another individual who is not your spouse □ Owned by a business or corporation
   If the property is owned by a business or corporation, please describe the nature of the ownership (C Corporation, S Corporation, Partnership, etc): ________________________________

Is there a mortgage or other indebtedness on the property: □ Yes □ No
   If there is a mortgage or other indebtedness, please describe the nature of this debt and estimate the amount of debt owing: ________________________________

Please describe the zoning of the property: ________________________________

Please estimate what you believe the property is currently worth: $________________

Has there been any environmental analysis work done on the property: □ Yes □ No

If there has been environmental analysis work done, please describe the nature and extent of that analysis and let us know if you would be willing to provide us with a copy of that analysis:

__________________________________________

__________________________________________

Are there any underground tanks on the property: □ Yes □ No
Are you aware of any dump sites on the property: □ Yes □ No
Has there been waste product of any kind buried on the property: □ Yes □ No
   If so, what was it: __________________________

Is the property:
   Listed with a realtor now: □ Yes □ No
      If yes, when does the listing expire: ____________
   Subject to a sales contract: □ Yes □ No
   Subject to any current legal dispute or proceeding: □ Yes □ No
      If yes, please describe the nature of this: __________________________

If this property has a residence on it, please answer the following questions (approximations on dates and amounts are fine at this point):

   When was the residence constructed: __________
   When was the furnace last updated or installed: __________
   Type of heat: __________________________
   Air conditioned: □ Yes □ No
   The property has: □ City sewer connection □ Septic field
   The property has: □ City water supply □ Well
   Approximate age of the current roof and the type of roofing system: __________

Is this a rental property: □ Yes □ No
   If it is a rental property, have you used anything other than straight line depreciation on your tax return: □ Yes □ No

What is your approximate cost basis in this property: $___________

Is your primary interest:
   □ An outright donation of the property to the University of Wisconsin Foundation
   □ Doing something with the property that will create a continuing income stream.
      If this is your interest, please state who, other than yourself, you would want to receive income from this gift: __________________________

   □ Other (please describe): __________________________