

Wisconsin Planned Giving Council
Presentation on October 13, 2015
Learning on the Job: Pitfalls and Pivot Points in Gift Planning

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): _____

Is the title: 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 (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): _____

