



Medical College of Georgia Foundation, Inc. Real Property Acceptance Policy

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Introduction

The Medical College of Georgia Foundation, Inc. (“Foundation”), established on October 19, 1954, as a non-profit corporation, is guided by a steadfast mission to actively support and advance the pursuits of Augusta University and Augusta University Medical Center (collectively referred to as the “Institution”). As an independent tax-exempt organization operating under Section 501(c)(3) of the Internal Revenue Code (“IRC”), the Foundation stands as a distinct entity, maintaining autonomy from the Institution.

Recognized as a public charity under IRC sections 509(a)(1) and 170(b)(1)(A)(iv), the Foundation holds a pivotal status, enabling contributions to be tax-deductible under IRC Section 170(b). Embracing a commitment to transparency and accountability, all donations received by the Foundation are exclusively utilized for purposes specified by the donor, thereby providing essential support to the Institution, its students, faculty, staff, and patients.

In alignment with our mission, the Foundation warmly welcomes and accepts gifts in the form of real estate. Real estate gifts undergo strategic marketing and sale by the Foundation, with the resulting proceeds directed toward the purposes designated by the donor. This policy serves as a framework to guide the acceptance, management, and liquidation of real estate gifts, ensuring compliance with all federal and state regulations.

Acceptance Requirements

This policy guides the Foundation's approach to accepting, managing, and liquidating gifts of real property. Before any acquisition, a thorough assessment will be conducted, considering factors such as marketability, carrying costs, and environmental risks. The following requirements must be met before the acceptance or recording of any documents related to the transfer of property.

Staff Site Visit and Analysis

To consider accepting any real property interests, the Foundation President and CEO or their designee will personally inspect the property. Comprehensive assessment will be conducted, including a review of all necessary documentation with guidance from our legal advisor. In evaluating the feasibility of accepting a property, the Foundation will analyze:

1. **Market Conditions:** Assessing the property's resale potential based on current market conditions.
2. **Property Improvements:** Evaluating the condition of any existing improvements on the property.
3. **Zoning and Land Use:** Examining current and potential zoning, land use, and concurrency issues.
4. **Holding Costs:** Analyzing the costs associated with holding the property for eventual resale.
5. **Specific Considerations:** Addressing any other factors relevant to the acquisition of the property.



General Warranty Deed

The title will be conveyed to the Foundation through a general warranty deed, except when transferred by a trustee, personal representative, or other fiduciary. In such cases, a deed with warranties suitable to its capacity will be provided. All deeds will undergo review by the Foundation's legal advisor.

Appraisal

The IRS mandates the donor to secure an appraisal when the real property's value exceeds \$5,000, and the donor intends to claim a charitable contribution income tax deduction. For accounting, marketing, and donor recognition purposes, an appraisal is sought for all real property gifts. If a property lacks an appraisal, it will be initially recorded at \$1.00 (one dollar).

Title Search and Title Insurance

A title search may be necessary for any real property transaction. Additionally, both a title search and insurance will be mandatory for gift acquisitions involving mortgaged property and non-gift acquisitions.

Owner's Affidavit

For all real property acquisitions, an owner's affidavit in a form approved by the Real Estate Committee is mandatory.

Survey

A survey may be necessary for any real property transaction. Specifically, a survey will be mandated for gift acquisitions involving mortgaged property and all non-gift acquisitions unless the Foundation staff and Foundation legal advisor deem existing surveys or drawings as sufficient.

Real Property Taxes and Other Carrying Costs

The donor is required to furnish evidence demonstrating the payment and current status of all real property taxes and other carrying costs. Additionally, donors will be encouraged to cover all or prorate the taxes and additional carrying costs for the year of the donation.

Mortgaged Property

The Foundation seldom accepts mortgaged property and strictly refrains from accepting mortgaged property held in a charitable remainder unitrust. Real property may be considered for acquisition, subject to a mortgage, under the following conditions and with the approval of the Real Estate Committee:

1. An established plan for debt payment must be determined.



2. An MAI appraisal is mandatory.
3. The loan-to-value ratio must not exceed 50 percent.

Special Deed Clauses

The Real Estate Committee and Real Estate Team must approve any special deed clauses in advance.

Environmental Requirements

The Foundation mandates an environmental review for all real property acquisitions, conducted by an approved and qualified consultant. The donor is encouraged to cover the costs associated with assessments and audits. The Foundation's legal advisor oversees the preparation and review of all environmental audit contracts.

Residential, Rural, or Agricultural Properties

For real estate situated in developed residential, rural, or agricultural areas, an Environmental Risk Assessment (ERA) is performed by an approved consultant. The ERA is a proactive evaluation of potential environmental risks associated with the property, including a site visit and data review. The resulting report outlines identified risks, aiding decision-making in property transactions, liability assessment, and risk evaluation related to historical land uses.

Industrial or High-Risk Operations

Properties with a history of industrial or manufacturing activities involving higher risk operations undergo a Phase I audit by an approved consultant. This audit investigates historical land uses, identifies potential contamination sources, and delivers detailed findings in a comprehensive report. The Phase I audit is crucial for recognizing liabilities and assisting in decision-making during property transactions. If the initial environmental review reveals significant concerns, an additional investigation, including a Phase I, Phase II, or Phase III audit, is conducted before accepting the property.

Unsolicited Deeds

Unsolicited deeds will not be accepted. Upon receiving an unsolicited deed, the Foundation President and CEO will immediately notify the grantor (in writing) that the real property has not been accepted and will not be accepted until the requirements of this policy are met, and the deed will be returned to the donor.

Special Types of Acquisitions

In addition to the above requirements, the following types of real property require additional items before acquisition:

Properties Valued at Less than \$10,000



For real estate valued below \$10,000, the donor is responsible for covering all transfer costs to the Foundation. This includes expenses related to environmental assessments, title searches, and all real estate taxes. To adhere to the \$10,000 limit, the property's value will be determined through an appraisal, the ad valorem tax-assessed value, or as decided by the Foundation Real Estate Committee.

Real Property Given to Fund Charitable Gift Annuities

The Foundation does not accept real property to fund charitable gift annuities.

Time-Share Units

The Foundation does not accept time-share units.

Procedures for the Sale and Management of Real Property Gifts

Foundation staff will actively seek the most favorable terms and prices for all real property, ensuring timely and optimal listings in the market. While the Foundation prioritizes prompt sales, certain properties may be retained for income generation or appreciation, subject to approval by the Real Estate Committee and after consultation with relevant stakeholders.

No referral fees will be disbursed to brokers securing real property gifts. However, special considerations may be granted to procuring brokers during property listings, provided such agreements are nonbinding on AUF, and fees align with customary local standards.

Use of Brokers

The Foundation promotes equal access for all brokers to its real property inventory, with an openness to exclusive listings. Whenever feasible, input on local brokers and marketing efforts will be sought from local Foundation Board members, Foundation Trustees, and the donor. While discouraging payment of fees to brokers acting as principals, the Foundation acknowledges local customs and, if applicable, will reduce the fee proportionally based on the broker's interest in the transaction.

Real Property Sold Without Signed Listing Agreements

The Foundation employs standard marketing methods for selling donated properties, encompassing signs, advertising, brochures, and open listings. Foundation staff will strive to secure reduced fees for brokers presenting buyers through in-house marketing efforts.

Listing Price Determinations

Real property will not be listed for less than the approved price as determined by either of the following:

1. If a qualified appraisal dated within two years is available, the Foundation will set the approved price at no less than the value stated in the appraisal.



2. If no appraisal is available or existing appraisals are over two years old, Foundation staff will determine market value through a market inquiry, competitive market analysis, or a new appraisal. The approved price will be based on this assessment. The Foundation Real Estate Committee will annually recertify the sale price for all property holdings.

For internal record-keeping, in the absence of an appraisal, the real property will be recorded with a book value of \$1.00 (one dollar). Adequate time will be granted for the donor to provide an appraisal, and if received, the book value will be adjusted accordingly.

Acceptance and Execution of Contracts

The Foundation President and CEO will scrutinize and provide comments on each contract before presenting it to the Foundation Real Estate Committee for thorough review and approval before execution.

Foundation staff, during the negotiation of sales contracts, will actively seek guidance from members of the Foundation Real Estate Committee. All actions taken by the Foundation Real Estate Committee will be meticulously documented by the Secretary of the Foundation's Board of Directors. In instances where sales involve financing, approval by the Real Estate Committee is mandatory.

Mortgage Modification

Requests for modifications to mortgages held by the Foundation undergo scrutiny and approval by the Real Estate Committee, considering the following:

1. Written request submitted by the borrower, which describes the terms to be modified; and
2. Evidence that real estate taxes are current.

The borrower will pay for all costs associated with the modification, including:

1. Document modification fee, encompassing recording fees and preparation of renewal promissory note and mortgage modification.
2. Title update and endorsement to the title policy (or issuance of a new title policy if none exists), subject to the approval of the Foundation legal advisor.

All mortgages will either contain or be modified to include standard loan document terms, comprising:

1. A five percent late fee applied after ten days.
2. Payment due on the first of each month.
3. Inclusion of environmental indemnity clauses to address environmental risks.

Leases

When real property is acquired subject to a lease, leases must not be in default and must be assignable by the property owner. Commercial property acquired subject to a lease will only be accepted following Real



Estate Committee approval. Following approvals and upon transfer of the property, the leases must be assigned to the Foundation, and all deposits, advance rents, and other monies transferred to the Foundation or otherwise accounted for as required by law.

Leases with the Medical College of Georgia at Augusta University

Foundation staff may negotiate leases with the Medical College of Georgia at less than market or nominal rents, provided the use of the real property:

1. Is not to be used for profit
2. Is in furtherance of Augusta University's objectives and the Foundation's mission; and
3. Does not result in any cost to the Foundation. The leases may not result in a negative cash flow to the Foundation unless Augusta University Foundation agrees in writing, in advance, to underwrite the loss.

All leases will be negotiated and executed in accordance with the policies and procedures of the Board of Regents. The Foundation's legal advisor will review and approve all such leases prior to execution.

Other Leases

Upon approval by the Foundation President and CEO, the Foundation is authorized to execute leases that:

1. Have a base lease term of no more than five years;
2. Have renewal options which, together with the base term, do not exceed ten years;
3. Have appropriate rent escalator clauses for all renewal options and
4. The total rent for the base term is no more than \$50,000.

All leases entered into the Foundation will be reported to the Foundation Real Estate Committee. Any lease that does not meet all of the above guidelines will require approval by the Real Estate Committee. Foundation staff may delegate leasing and management functions to outside professional management firms when deemed appropriate.

Management and Transfer of Real Property

All real property held by the Foundation in any capacity will be managed in a manner designed to comply with all federal and state regulations and to minimize or eliminate any liability resulting from hazardous materials. The sale or transfer of real property by the Foundation will be managed in a manner designed to eliminate any future liability by the Foundation for hazardous substance remediation. The Foundation will fully disclose to a prospective transferee any and all information concerning the condition of any dangerous



substances existing on the real property. The Foundation may convey title to real property only by means of a special warranty deed or (where appropriate) a trustee's deed without warranties or quitclaim deed.

Non-Discrimination

The Foundation will not discriminate or condone discrimination in its real property activities. The Foundation will conduct all affairs in compliance with all applicable state and federal Equal Opportunity, Fair Housing, Equal Credit Opportunity, and other antidiscrimination laws.

Exceptions

Upon written request by the Foundation President and CEO, exceptions to these policies and procedures will be considered on an individual basis by the Foundation Real Estate Committee.

Contact Us

Please contact the Foundation at 706-823-5500 or info@mcgfoundation.org for any questions related to this policy.