



B e r r i e n

community foundationSM

For **good.** For **ever.**SM

GIFT ACCEPTANCE POLICY

Documentation of Minimum Standards for U.S. Community Foundation Standards by
the Council on Foundations
Updates approved by the BCF Board of Trustees on February 17, 2010

BERRIEN COMMUNITY FOUNDATION

GIFT ACCEPTANCE POLICY

PURPOSE

The purpose of this policy of the Berrien Community Foundation is to serve the best interests of the Foundation, its donors, and a healthy, caring community by providing guidelines for negotiating and accepting various types of gifts for various types of funds. Given the increasing complexity of IRS regulations, the volume of real estate and other property gifts, and state and federal environmental laws, the Foundation recognizes the value in carefully screening proposed gifts.

The purposes of the gift must fall within the broad charitable purpose of the Foundation. In addition, the Foundation Board and staff must be able to assure that gifts accepted by the Foundation do not place the other assets of the Foundation at risk and that they can be easily converted into assets that fall within the Foundation's investment guidelines. The Foundation must also assure that it can administer the terms of the gift in accordance with the donor's wishes.

To facilitate this purpose, the Foundation follows the *Model Standards of Practice for the Charitable Gift Planner* adopted by the National Committee on Planned Giving and the American Council on Gift Annuities. This code of ethics for planned giving practitioners is Appendix A of this policy.

FOUNDATION RESPONSIBILITIES

Foundation staff should disclose to all prospective donors the benefits and liabilities that could reasonably be expected to influence the donor's decision to make a gift to the Foundation. Donors will be encouraged to consult with legal counsel and financial advisors in making their decision. In particular, donors should be made aware of:

- the irrevocability of a gift,
- prohibitions on donor restrictions,
- items subject to variability (market value, investment return, and income yield),
- the Foundation's responsibility to provide periodic financial statements on donor funds, and
- the Foundation's responsibility to provide a donor bill of rights to donors.

Staff should maintain a written record of discussions with donors. The role of Foundation staff shall be to inform, guide, and assist a donor in fulfilling his or her philanthropic wishes, but never to pressure or unduly influence a donor's decision.

GIFT ACCEPTANCE COMMITTEE

The Executive Committee (Chair, Vice Chair, Treasurer, Secretary, President) constitutes the Gift Acceptance Committee, hereafter known as the “Committee.” All are voting members. The Foundation President is authorized to accept letters of agreement and amendments thereto and to negotiate and sign charitable giving agreements with prospective donors within the guidelines described herein (see p. 7). S/he will involve the rest of the Committee as per the guidelines below and for complex estates where s/he has concerns (e.g., issues of undue influence, competency, attorney involvement).

Advice will be sought from legal counsel and/or other professionals as deemed appropriate. The Committee will also consult with the Board of Trustees when necessary.

FORM OF GIFTS TO THE FOUNDATION

Gifts Not Requiring Committee Review

- Cash or cash equivalents
- Checks
- Marketable securities
- Gifts of personal property for use in Foundation offices or programs
- Life insurance policies except as noted below

Gifts Requiring Committee Review

- Life insurance policies requiring future premium payments by the Foundation
- Real estate

See Appendix B for detail on each gift category

GIFTS DECLINED

The Foundation reserves the right to refuse any gift it believes is not in the best interests of promoting a healthy, caring community and/or places the other assets of the Foundation at risk. At the present time due to the Foundation’s asset size and resources available, these include:

- Gifts of illiquid assets (e.g., houses, cars, boats, private company interests, some types of debt instruments)
- Gifts with structures that fall outside the ordinary purposes, bylaws, and procedures of the Foundation
- Tangible personal property that is not readily marketable
- Closely-held and S corporation stock (see excess business holdings for donor advised)
- Partnership interests
- Accounts receivable (gifts of loans, notes, mortgages, etc.)
- Gifts of intellectual property, mineral reserves, precious metals, and other types of assets carrying their own challenges

- Any gift of an interest in a business enterprise for a donor advised fund that would subject the Foundation to tax under section 4943 of the Internal Revenue Code concerning “excess business holdings.” That is, this applies to any proposed gift that would result in the donor advised fund holding
 - A 20% or greater interest in a business or in an entity or
 - Any interest in an entity in which any interest is owned by a donor or advisor to the donor advised fund, by a family member of any such person, or by an entity in which any of the foregoing persons has an interest

These shall also be referred to the Foundation’s counsel for an opinion on the possible application of Code Section 4943.

In addition, the Foundation will not knowingly accept a charitable gift from a donor who:

- A. Has insufficient income and assets remaining after making a gift to provide for his/her needs such as personal support and healthcare.
- B. Has insufficient income and assets remaining after the gift to provide for his/her heirs for whom he/she is fiscally responsible.
- C. Has an apparent insufficient mental capacity to make a rational decision.
- D. Has insufficient input from competent financial, legal, and/or personal counsel.

TYPES OF FUNDS

The Foundation offers a continuum of funds designed to be responsive to donor needs. While all philanthropy adds value to the community, each type of Foundation fund can provide added value to philanthropy in the community. The fund types are listed in the order of maximum added value. However, there may be times when allowing the establishment of some of the lower added value funds are a means to the higher added value funds. For example, nonprofits may establish companion endowment and special nonendowment funds.

A standard letter of agreement is required to establish a fund with the Berrien Community Foundation. The minimum fund balance for advised, endowed is \$10,000 and for all others (e.g., agency, designated, multi-designated, and scholarship) \$25,000. Nonendowed funds may be started with \$500.00. The minimum amount for endowed funds may be attained over an up to five-year period as described in the fund development agreement with flexibility to add three-year extensions.

Endowed Discretionary Funds (The funds with which the Foundation adds the highest value to the community.)

Undesignated Funds

Broad Field-of-Interest Funds

Endowed Restricted Funds (The funds with which the Foundation adds moderate value to the community.)

Narrow Field-of-Interest Funds

Advised Funds: The donor retains an advisory capacity in making grants from the fund. The minimum level of individual grant distribution shall be \$200. All grants made from advised funds will be distributed to other charitable entities provided they meet the qualifications set forth by sections 501(c)(3) and 170(b)(1)(A) of the Internal Revenue Service Code or equivalent. A grant from an advised fund cannot be used to satisfy an irrevocable personal or corporate pledge or obligation of the donor, or to provide a benefit to the donor such as paying some membership dues or to individuals (i.e., scholarships). The donors or related parties are prohibited from receiving grants, loans, compensation, or similar payments from donor advised funds. Generally, when an advised fund is established, the fund may, upon the donor's request, be advised by persons representing up to two generations -- the donor's and one additional generation. However, this is a guideline, and if interest continues by the donor's successors for more than two generations, the advising relationship may continue. The donor (and the successor advisors) will be encouraged to take advantage of the knowledge and expertise of the Foundation's grantmaking staff. Any gift of an interest in a business enterprise for a donor advised fund that would subject the Foundation to tax under section 4943 of the Internal Revenue Code concerning "excess business holdings" is strictly prohibited. That is, this applies to any proposed gift that would result in the donor advised fund holding

- A 20% or greater interest in a business or in an entity or
- Any interest in an entity in which any interest is owned by a donor or advisor to the donor advised fund, by a family member of any such person, or by an entity in which any of the foregoing persons has an interest

Designated Funds (and Multi-Designated)

Broad Scholarship Funds

Field-of-Interest Scholarship Funds

Designated Scholarship Funds

Non-Endowed Restricted Funds (The funds with which the Foundation adds low value to the community.)

Broad Field-of-Interest Funds

Narrow Field-of-Interest Funds

Advised Funds: The same guidelines apply as with endowed advised funds.

Supporting Organization Funds: These are not allowed.

Non-Endowed Temporary Funds (The funds with which the Foundation adds minimal value to the community.)

Designated Funds

Capital Campaign Funds: The Berrien Community Foundation will accept and administer capital campaign funds when a significant portion of the campaign provides for the establishment of an endowed fund or the nonprofit has an existing endowment fund with the Foundation. The cost of administering the nonendowed portion of the campaign will be estimated up front and an appropriate fee will be agreed upon at the inception of the campaign.

Designated One-Time Funds: The Foundation will not receive or administer gifts of this type except under extenuating circumstances as approved by the President who may consult with the rest of the Gift Acceptance Committee.

Geographical Component Funds (Geographic Affiliates)

The Foundation does not take on geographic affiliates.

ACKNOWLEDGMENT

Donors shall receive an expression of sincere thanks and gratitude from the Foundation and an acknowledgement of the gift in accordance with federal regulations.

PUBLICITY

No public media exposure with respect to a donor's gift will be generated without the consent of the donor.

RESTRICTIONS

In conformance with Treasury Department regulations governing community foundations, gifts to the Foundation may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents the Foundation from freely and effectively employing the transferred assets and subsequent earnings in furtherance of its exempt purposes.

ACTING AS TRUSTEE

By opinion of Legal Counsel, the Foundation may not serve as a trustee. Further, no employee shall serve as a trustee, conservator, executor, or personal representative for one of the Foundation's donors or prospects. All officers shall report such relationships on the annual disclosure form.

INVESTMENT OF GIFTS

It is the policy of the Foundation to convert all gifts to cash as soon as possible. The Berrien Community Foundation reserves the right to make any or all investment decisions regarding gifts in accordance with its Investment Policy and Procedures Statement.

In making a gift to the Foundation, donors give up all rights, title, and interest to the assets contributed. In particular, donors give up the right to choose investments and investment managers, brokers, or to veto investment choices for their gifts.

COSTS OF ACCEPTING AND ADMINISTERING GIFTS

Generally, costs associated with the acceptance of a gift such as attorney fees, accounting fees, other professional fees as well as other costs to establish a gift such as appraisal, escrow, evaluation, and environmental assessment fees will be borne by the donor and for estate gifts, the fund established by said gift.

The direct costs of administering outright gifts, including estate and planned gifts, to the Foundation will be borne from the assets of the individual funds, except for those special circumstances as determined by the Gift Acceptance Committee. These direct costs include any legal fees and other costs required to complete necessary due diligence and/or other costs associated with accepting gifts, especially estate gifts. Custodial, investment, and administrative fees will be paid from the respective funds in accordance with the Foundation's guidelines and fee schedules.

CONFIDENTIALITY

The Foundation has many donors who wish to remain anonymous and communicated with through official Foundation channels. Foundation staff shall maintain strict control over files and information received from or about donors or prospective donors so as to maintain confidentiality of such information. For potential donors, donors, and/or funds requesting anonymity, Foundation staff and the auditors will be the only individuals with access to specific information (i.e., fund names, gift amounts provided, grants distributed, etc.). However, the Board will be provided with a list of grants to ratify at each Board meeting with amounts and no fund names and a list of donors without amounts as prepared for the periodic community report. Communication with these donors will need to be coordinated through the President to ensure donor wishes about such communications are followed.

PUBLIC FUND RAISING

Fundraising undertaken by donors in connection with funds of the Foundation require special consideration. See Appendix C.

AUTHORITY TO NEGOTIATE

The Foundation President is authorized to accept letters of agreement and amendments thereto and to negotiate and sign charitable giving agreements with prospective donors within the guidelines described herein. The letters of agreement and amendments are co-signed by the President, along with the Board Chair. The other officers who may co-sign with the President include the Vice Chair, Treasurer, and Secretary.

Appendix A

Model Standards of Practice for the Charitable Gift Planner

Preamble

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as “Gift Planners”), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning, and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

I. Primacy of Philanthropic Motivation

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

II. Explanation of Tax Implications

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

III. Full Disclosure

It is essential to the gift planning process that the role and the relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

IV. Compensation

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finders fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift is never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

V. Competence and Professionalism

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact, and mutual respect.

VI. Consultation with Independent Advisors

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice.

VII. Consultation with Charities

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planner, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planner shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

VIII. Description and Representation of Gift

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

IX. Full Compliance

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

X. Public Trust

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Appendix B

Forms of Gifts to the Foundation

Gifts to the Foundation take on a variety of forms. Many are outright gifts by living donors, either on a one-time or periodic basis. Others are testamentary gifts that take effect upon a donor's death or other forms of deferred gifts.

If the value of a gift other than cash or marketable securities exceeds \$5,000, a donor is required to have a qualified appraisal performed and submitted to the IRS on form 8283. If such gifts are sold within two years of receipt at a price other than the appraised value, Form 8282 must be filed by the Foundation.

The Foundation reserves the right to accept or reject any gift as it sees fit. It is the policy of the Foundation to convert all gifts to cash as soon as possible. Real estate and other assets which have potential liability associated with them will only be accepted by the Berrien Community Foundation Real Estate Holdings, Inc.

Cash

The Foundation accepts cash, checks, or money orders made payable to the Foundation or any of its funds.

Marketable Securities

The Foundation will add the net proceeds of a marketable securities contribution to a fund of the Foundation. The Foundation will govern the disposition of securities, and will make all decisions regarding the sale or retention of securities.

Life Insurance Policies

The Foundation will accept gifts of permanent life insurance policies if the Foundation is named as owner of or is assigned ownership in such policies and also named beneficiary. Donors may designate a fund or fund(s) at the Foundation to receive the net proceeds from policies. It is understood, however, that donor recommendations in this regard are advisory and that the Foundation, as owner of the policy, retains exclusive authority to direct the death benefits, maturity, and surrender proceeds of the policy. Policies continuing on a premium-paying basis will be maintained as such by the Foundation so long as gifts are made to the Foundation in the amount of the premiums due. Premiums can be of a reducing amount if dividends are directed toward future premiums. Should such premium gifts not be forthcoming, the Foundation may, on the recommendation of the Gift Acceptance Committee, elect:

- To have the Foundation continue the premium payments.
- To surrender the policy in exchange for its cash surrender value.

- To invoke procedures under which the existing policy values can sustain the policy without further outlay of Foundation funds for premium. This can take on any of the following forms:
 - Change the dividends to Net (Have the dividends pay future premiums)
 - Use the Automatic Premium Loan feature (Borrow against the cash value to pay future premiums)
 - Use a combination of the two previous options (Have the dividends pay as much of the premium as possible and borrow against the cash value for the remainder amount)
 - Change the policy to Paid-Up in which case, no more premiums will be due

The Foundation discourages the contributions of life insurance policies subject to policy loans or other restrictions and reserves the right to accept or reject such policies as well as those carrying assignments to other entities. The Foundation will consider its own interest and the best interest of the donor in the light of tax ramifications in determining on a case-by-case basis the acceptability of encumbered life insurance policies. Particular care will be given to problems of self-dealing, jeopardy investments, and unrelated business income in this regard.

Real Estate

If a donor wishes to contribute real property or an interest in real property to the Foundation either directly or through a life estate arrangement, the Gift Acceptance Committee shall consider all facts and circumstances in determining whether to recommend accepting the gift. Donors always should be advised to confer with their own counsel to review the terms of the gift.

Following the Appendixes is the *Berrien Community Foundation Real Estate Holding, Inc. Real Estate Acquisition Checklist*. This checklist will be utilized for all transactions involving real estate gifts.

Gifts Naming Multiple Beneficiaries

From time-to-time, donors may wish to designate multiple beneficiaries of the proceeds from their life insurance policies, IRA's, other qualified retirement plans, pooled income funds, gift annuities, or other forms of gifts to the Foundation. It will be encouraged that other charitable organizations be named as beneficiaries on the contract. However, if the foundation is selected as sole beneficiary and then requested to distribute funds to other organizations, the following guidelines shall apply:

- A. The Committee will take into consideration the amount of the total gift, the amount designated for the Foundation both discretionary and restricted, the added value to the community, and in the case of life insurance policies, whether or not the premiums are paid up.
- B. In the case where the Foundation becomes the sole owner of a donor's life insurance policy, the Foundation subsequently has the exclusive right to change the beneficiary/distributee designations. It can then name the

Foundation or other charitable organizations as beneficiaries. These other charitable organizations must qualify as such under Section 501 (c) (3) and which are described under section 170(b)(1)(A) of the Internal Revenue Code.

If a policy beneficiary/distributee designation is to be changed to a charitable organization other than the Foundation, the Foundation shall consider the charitable intentions of the donor. It is understood, however, that a donor's recommendations in this regard are advisory and that the Foundation, as owner of the policy, retains exclusive authority to direct the death benefits, maturity, and surrender proceeds of the policy.

Gifts Declined

A 2/3 majority vote (i.e., supermajority) of the Foundation Board of Trustee is required to formally change this Gift Acceptance Policy to accept the following types of gifts.

The Foundation reserves the right to refuse any gift it believes is not in the best interests of promoting a healthy, caring community and/or places the other assets of the Foundation at risk. At the present time due to the Foundation's asset size and resources available, these include:

- Gifts of illiquid assets (e.g., houses, cars, boats, private company interests, some types of debt instruments)
- Gifts with structures that fall outside the ordinary purposes, bylaws, and procedures of the Foundation
- Tangible personal property that is not readily marketable
- Closely-held and S corporation stock (see excess business holdings for donor advised)
- Partnership interests
- Accounts receivable (gifts of loans, notes, mortgages, etc.)
- Gifts of intellectual property, mineral reserves, precious metals, and other types of assets carrying their own challenges
- Any gift of an interest in a business enterprise for a donor advised fund that would subject the Foundation to tax under section 4943 of the Internal Revenue Code concerning "excess business holdings." That is, this applies to any proposed gift that would result in the donor advised fund holding
 - A 20% or greater interest in a business or in an entity or
 - Any interest in an entity in which any interest is owned by a donor or advisor to the donor advised fund, by a family member of any such person, or by an entity in which any of the foregoing persons has an interest

These shall also be referred to the Foundation's counsel for an opinion on the possible application of Code Section 4943.

Appendix C

Public Fundraising for Funds of the Foundation

The Foundation is staffed to develop endowment and other funds through the acquisition of major and planned gifts and to cultivate new and existing relationships with donors.

The Foundation is not equipped to operate public fundraising events for its funds.

Organizations with funds held by the Foundation have provided the net proceeds for their funds at the Foundation and not involved the Foundation in the operation of its public fundraising events. The Foundation receipts the organization and places the net proceeds in the fund held for the organization. The Foundation is not involved in receipting individual gifts or paying for event related expenses.

Public fundraising events refer to those special events that are intended to raise dollars for funds. For example, a golf outing, fundraising reception/entertainment/dinner, raffle, garage sale (or equivalent) or other special event would be considered a public fundraising event. The term is not intended to encompass the annual giving to funds through the Foundation's year-end letter and other solicitations for purely charitable purposes. The Foundation will need to pre-approve year-end letters and solicitations for funds here as its Solicitation Registration and 501(c)(3) are used. Copies of final letters are to be provided to the Foundation as well.

Foundation Approval of Events

In the very rare event the Foundation approves a fundraising event, the guidelines listed below must be followed. These guidelines encompass the legal and other requirements the Foundation is subject to and, therefore, must be followed.

Before undertaking public fundraising events, the fundraising event coordinator will define to the Foundation each program, event, or other effort to raise money for the fund. The fundraising event coordinator will then obtain Foundation approval to proceed according to Foundation guidelines. **All uses of the Foundation's name in advertising and promotion must be approved in advance by the Foundation's communications officer who is presently the President.**

Responsibilities of the Foundation

The Foundation is held accountable for all public fundraising events related to funds of the Foundation. It cannot delegate this responsibility to any other parties. In considering whether to approve the event, staff (i.e., the President) should take into account the following responsibilities:

- Budget and payment of expenses
 - Who will prepare a budget?
 - Who will be responsible for authorization for and payment of expenses?
 - Who will oversee the budget and ensure that the budget is adhered to?
 - Will the Foundation assess a special administrative fee for this service?
 - Who will pay these expenses?

- Compliance with laws
 - Is the event included under the scope of the annual solicitation registration?
 - Is there a need for a special raffle or gambling license?
 - Are the appropriate sales taxes being collected on items sold and who will file the sales tax return?
 - Is there a clear understanding that the expenses of fundraising events are not exempt from sales tax?

- Liability covering the Foundation
 - Is there a need for additional general liability or other insurance due to the event?
 - Should a letter of credit or a written personal guarantee be provided?

- Acknowledgements
 - If the contributors receive goods or services in return for their payment, who will determine the appropriate charitable portion of the payment so that correct tax acknowledgements will be prepared?
 - Who will provide this receipting?

- Management of money and property received from the event
 - Will all checks be made payable to the fund at the Foundation?
 - Where should checks and other forms of payment be sent?
 - If someone else is collecting cash, what safeguards need to be in place?

- Application of the fund balance to charitable uses
 - Can the fund be administered in the manner in which it is advertised?

- Is the event in keeping with the Foundation's mission and consistent with types of events the Foundation itself might hold?

**BERRIEN COMMUNITY FOUNDATION REAL ESTATE
HOLDINGS, INC.
Real Estate Acquisition Checklist**

Description of property: _____

Completed by
and date

Task

CONSIDERATIONS BEFORE ACCEPTANCE OF GIFT

Request that the donor pay all costs associated with acceptance of property including title insurance policy, survey, environmental, and legal costs

Review gift acceptance policies

EVIDENCE OF CLEAR TITLE

Obtain title insurance commitment before acquiring title

Items to deliver to title company if available:

Recent prior title policy

Abstract

Condominium project

Master deed

Letter from association verifying status of assessments

Obtain title insurance policy after taking title

EVIDENCE OF BOUNDARIES

Assess need for survey

Obtain recent survey and review

Obtain mortgage report and review

Determine if any improvements subsequent to survey

Determine if surrounding properties are improved

Obtain a survey

Residential properties - stake survey

Commercial properties - ALTA survey

EVIDENCE OF CONDITION OF PROPERTY

Environmental

Obtain Phase I Environmental Site Assessment

Have Phase I reviewed by attorney

Obtain Phase II sampling if any "recognized environmental conditions" were identified in Phase I

Have Phase II reviewed by attorney

Obtain Baseline Environmental Assessment if property meets definition as a "facility" - must be performed within 45 days of transfer

Have BEA reviewed by MDEQ - fee is \$750

Obtain sellers disclosure statement

Obtain building inspection

Check with local government for code/ordinance violations

Obtain well/septic inspection

RENTAL PROPERTIES

Confirm zoning compliance with local government including use, setbacks, parking, square footage, and city registration

Obtain copies of leases

Verify Lessor right to assign

Verify no pending real estate commissions

Verify existence and amount of security deposits

Obtain copies of service contracts and management contracts

Obtain estoppel certificate

Verify no lessor defaults

Verify no oral agreements

Obtain copy of approved site plan

TRANSFER OF TITLE

Obtain deed transferring title - usually prepared by donor's attorney

Record deed with county clerks office - fee is \$9

Obtain assignment of lease

File Property Transfer Affidavit - since property is transferred for less than \$100 there is no tax on transfer

TRANSFER OF TITLE continued

File Real Estate Transfer Tax Valuation Affidavit

Sign Form 8283 for donors tax return

SALE OF PROPERTY

Listing of property with broker - suggest no more than 10% commission and 6 months in length with a three month protected period following listing term expiration

File Form 8282 if property sold within 2 years of gift