

## **THE PELLA COMMUNITY FOUNDATION GIFT/FUND ACCEPTANCE POLICY**

The Pella Community Foundation (hereinafter the Foundation) accepts outright gifts with income dedicated immediately to the charitable needs of the community, planned gifts with split interest of income and principal reserved to charitable or non-charitable beneficiaries, and testamentary gifts created by bequest for all purposes consonant with the objectives of the Foundation.

The Foundation endorses and subscribes to The Donors' Bill of Rights, Appendix A.

### **I. AUTHORIZATION**

It is the policy of the Pella Community Foundation Board of Directors (hereinafter Board) to encourage donors to make outright, planned and testamentary gifts. Planned and testamentary gift types include bequests, charitable gift annuities, charitable remainder trusts, charitable lead trusts, retained life estates, gifts of life insurance or retirement assets, interest in business entities such as partnerships or closely held stock, and such other gift arrangements as the Board may from time to time approve. It is the Board's directive that staff shall aggressively seek such gifts, and that adequate staff and resources for a fully effective program are maintained. All programs, solicitation plans and activities shall be subject to the oversight of the Board.

### **II. PURPOSE OF GIFTS**

- A. The purposes of all gifts to the Foundation must relate to the mission of the Foundation:
  - 1. Gifts/Funds will be accepted to stimulate, enhance, and preserve Pella's unique heritage and to support endeavors designated to improve the quality of life in Pella and the surrounding area including health, education, culture, religion, recreation and historic preservation.
- B. The Foundation achieves its mission by mobilizing and coordinating community resources, and by soliciting and receiving gifts and bequests, providing responsible fund management, and making thoughtful charitable grants. The Foundation follows a continuous cycle of gaining, growing and giving – funding the future through generosity, leadership and vision.

### **III. POLICIES**

- A. The policy of the Foundation is to inform, serve, guide or otherwise assist donors who wish to support the Foundation's activities, but never under any circumstances to pressure or unduly persuade.
- B. Persons acting on behalf of the Foundation shall encourage the donor to discuss the proposed gift with the legal and/or tax advisors of the donor's

choice, at the donor's expense. This is to ensure that the donor receives a full, accurate and independent explanation of all aspects of the proposed charitable gift.

- C. Persons acting on behalf of the Foundation shall advise the donor that it is the donor's responsibility to obtain any necessary appraisals, file appropriate personal tax returns, and defend against any challenges to claims for tax benefits.
- D. The Foundation will accept charitable gift annuities but only under conditions described below. The Foundation may employ agents and advisors to facilitate the investment of annuity assets.
- E. The Foundation will not serve as trustee or co-trustee of any trusts.

#### IV. **CONFIDENTIALITY**

- A. All information concerning donors and prospective donors shall be held in strict confidence by the Foundation, subject to legally authorized and enforceable requests for information by government agencies and courts. All other requests for or releases of information concerning a donor or prospective donor will be honored or allowed only if permission is obtained from the donor prior to the release of such information.

#### V. **PROCEDURES FOR REVIEW OF GIFTS**

- A. In reviewing gifts to the Foundation, the Foundation will consider the following criteria:
  - 1. The charitable intent and ultimate community benefit
  - 2. The nature of any restrictions
  - 3. The permanency of the gift; or in the case of a non-permanent fund, the amount of time the fund will remain with the Foundation
  - 4. Projected costs of managing the gift asset
  - 5. Fee revenues to the Foundation for administering the gift
- B. Acceptance by staff of gifts consistent with the purposes, bylaws and procedures of the Foundation shall not require review by the Board if the gifts are in any of the following forms:
  - 1. Marketable securities
  - 2. Cash
  - 3. Checks
  - 4. Gifts of usable furniture and equipment for the offices or programs of the Foundation
  - 5. Gifts of precious metals, where the value is easily established
  - 6. Charitable remainder trusts, charitable lead trusts, or charitable gift annuities, if funded with cash or publicly traded securities.
- C. Gifts requiring review and approval of the Board include the following:
  - 1. Gifts of real estate. The donor will be required to provide an independent

appraisal and an environmental review as well as a description of the property. The Foundation will review these documents as well as consider any liabilities, restrictions or other conditions related to the gift. These policies also will apply to any other asset that has real estate holdings as an element of its value, e.g., certain limited partnerships or other business entities.

2. Interests in business entities, i.e., closely-held securities, partnership and limited liability company interests, where, in the opinion of staff, there may be concerns about the following: valuation, long-term disposition, income production, business partnerships, charitable intent, requirements or limitations, tax deductibility or other questions which indicate that a review of the Board is necessary.
  3. Charitable remainder trusts, charitable lead trusts, or charitable gift annuities, if funded with assets other than cash or publicly traded securities.
  4. Retained life tenancy in a residence, ranch or farm.
  5. Arrangements where the donor receives fees for services to the Foundation.
  6. Other property that may be unusual or fall outside the type of gifts usually handled by the Foundation, including tangible personal property unrelated to the Foundation's charitable purpose.
  7. Gifts to establish funds for a purpose that may fall outside the mission, bylaws and procedures of the Foundation.
- D. Gifts requiring Board review will be handled promptly. The Foundation staff will deliver to the Chairman of the Board all information necessary to make a decision. If a gift is not accepted, the donor will be notified in writing by staff immediately. All gift reviews will be handled with confidentiality.
- E. *Note: Gifts requiring immediate action, e.g., gifts on December 31, or pending sale of property, may be exempted from full Board review if, in the judgment of the President, in consultation with designated members of the Board, that gift may be accepted without significant reservations or in any way jeopardizing the Foundation's tax-exempt status.*

## VI. PROCEDURES FOR GIFT ACKNOWLEDGMENT

- A. The Foundation will be responsible for good stewardship toward its donors. Proper acceptance, acknowledgment, records maintenance, identification, and disposition of gifts are essential to a responsible gifts program.
- B. Procedures for gift processing generally vary according to the value of the gift. Questions concerning gifts should be directed to the President.
- C. Physical receipt and routine acknowledgment of all gifts are coordinated by the Treasurer. All gifts will be acknowledged within a reasonable period of time.
- D. The Foundation shall provide a written receipt to all donors acknowledging their gifts of \$250.00 or higher. Gifts of less than \$250.00 do not require a gift receipt

from the charity.

- E. All receipts should include the following: the name of the charity, the date of the gift, the amount of any cash or check received, the location of the gift, and a description of the gift property, a statement whether or not any goods or services were given, and a good faith estimate of the value of the property.
- F. Gifts of \$75 or more in which the donor did receive goods or services in consideration of the gift (the “quid pro quo” gift in which dinner, tickets, etc. is provided for the gift) shall receive an itemized statement regarding the value of the consideration received by the donor.
- G. Gifts of most assets valued at more than \$5,000 (except publicly traded securities) require an appraisal from a “qualified appraiser” obtained by the donor and affixed to the donor’s income tax return. If the donor makes a copy of the appraisal available to the Foundation, it should be kept in the fund file. The Foundation cannot pay for the donor’s appraisal, nor can the Foundation act as a “qualified appraiser”.
- H. An Annual Report may be prepared in which the appreciation and the gratitude of the Pella Community Foundation will be expressed to its many categories of donors.
- I. For acknowledgment and recognition purposes, gifts to the Pella Community Foundation will be considered public in nature except those gifts specifically designated by the donor as “anonymous.”
- J. Donors shall receive appropriate recognition for their gifts, except for gifts which have been specifically designated by the donor as “anonymous.” This recognition may include listing of all gifts in the Annual Report and other publications, media publicity, special events, etc.
- K. Gifts in cash are normally acknowledged within one week. Other forms of gifts are processed in as short a time as reasonable, depending on the need for appraisals, Board approval and other factors listed herein.

## VII. FUNDS

- A. The Foundation establishes component funds and support foundations in response to community needs and donors’ charitable concerns. The Board of the Foundation has responsibility for acceptance, management and disposition of component funds. Options for fund structures at the Foundation include the following:
  - 1. **Unrestricted (or Discretionary) Funds**
    - a) Unrestricted funds are available to the Foundation for any of the charitable purposes encompassed by the Foundation’s mission. The Grant Committee determines how unrestricted funds are used.

2. **Field of Interest Funds**
  - a) Field of interest funds are restricted in their use by the donor's preference for a limited charitable purpose, without designation of recipient organizations or program through which such charitable purposes may be served. The Grant Committee determines which organizations and programs receive grants from field of interest funds and the amount and timing of such grants.
3. **Advised Funds**
  - a) Donors establish advised funds for unrestricted charitable purposes. The donor, or person(s) identified by the donor, maintains the ability to offer recommendations to the Foundation regarding the recipients and amounts of grants from the fund. Advised funds typically treat donations as permanent endowments and do not permit grants to be made from the donation corpus. In some cases, however, donors may choose to establish an advised fund that permits the invasion of corpus for grant-making purposes.
4. **Designated Funds (And Agency Endowments)**
  - a) Designated funds are earmarked for one or more charitable organizations or programs. All grants made from such funds must be made to or for the use of the designated recipient organization(s). If the recipient organization(s) ceases to exist or changes its status or mission as a charitable organization, the Foundation's Board of Directors may exercise variance authority, selecting an alternate use for the fund compatible with its original charitable purpose.
5. **Affiliate Community Foundation**
  - a) Affiliate community foundations are established for the support of a variety of charitable purposes and organization within a specific community or region. A local advisory board is appointed within each affiliate community, which has grant-making and asset acquisition responsibility for that area. Affiliate community foundations enable smaller communities to enjoy many of the benefits of a community foundation while taking advantage of the Foundation's services, staff and expertise and avoiding the costs and administrative burden of a separate community foundation. Affiliate community foundations must abide by the Foundation's gift acceptance policies.

## VIII. GIFTS

- A. Asset Types - The Foundation will accept gifts in the form of the following assets, subject to the conditions described below. In order to provide written substantiation for gifts over \$250, the donor's name and address must be provided.
  1. **Cash**
    - a) Gifts of cash should be paid to the Foundation accompanied by a written document (agreement, letter or other written instruction) signed by the donor indicating to which fund the contribution should be credited.

2. **Checks**
  - a) Must be made payable to the “Pella Community Foundation”. The source fund for which the check is intended should be noted in the bottom left corner of the check or in attached correspondence.
  
3. **Pledges**
  - a) Written pledges to make gifts may be made applicable to any fund at the Foundation. A schedule of pledges payable should be included in the fund agreement, letter or other written instruction from the donor.
  
4. **Marketable Securities**
  - a) Publicly traded stocks and bonds may be electronically transferred, re-registered in the name of the Foundation, or conveyed through use of a stock power form. The Foundation also will accept interests in mutual funds. Generally, these securities are sold upon receipt. Stock controlled under Securities and Exchange Commission Rule 144 will be held until the restriction on sale expires and then will be sold. Gifts of bonds that require a holding period may be accepted and cashed when the holding period has expired.
    - b) Securities which shall not be accepted include those which are assessable or which in any way may create a liability; those which, by their nature, may not be assigned (such as series E savings bonds); those which have no apparent value.
  
5. **Real Property**
  - a) Generally, gifts of real property in Iowa should result in a contribution to the Foundation of at least \$50,000. Gifts of real property outside Iowa should result in a contribution of at least \$100,000.
    - b) Unencumbered real property will be accepted at fair market value as established by at least one qualified appraisal, provided by the donor. Evidence of clear title to the property must be provided by the donor to the Board; property with multiple owners will be accepted only if all owners of the property agree in writing to the gift.
    - c) Real property that is encumbered will be accepted only in exceptional circumstances. Prior to acceptance of a gift of real property, the Foundation and the donor must agree, in writing, on arrangements for paying expenses associated with the property, including taxes and assessments, insurance coverage, and maintenance costs.
    - d) In order to avoid potential liability for environmental clean-up and toxic and hazardous materials issues related to real estate, the Foundation requires inspection through an environmental audit of all the proposed gifts of real estate and assets related to real property.
    - e) In addition to the considerations listed above, commercial properties

and businesses will be examined in relationship to the potential for exposure of the Foundation to unrelated business taxable income.

f) A completed IRS Form 8283 (“Non-Cash Charitable Contributions”) must accompany gifts of real property.

g) Further details related to gifts of real property are included in Appendix B.

6. **Tangible personal property**

a) Gifts of such assets as boats, airplanes, automobiles, artwork, furniture, equipment, jewelry, gems and metals valued in excess of \$5,000 must be accompanied by a qualified appraisal. Unless the property is to be used in connection with the Foundation’s tax-exempt purpose, it will be sold at the highest possible price as soon as possible after conveyance. No commitment will be made to keep gifts of personal property. The Foundation discourages gifts of personal property which cannot readily be sold or which require unusual expenses prior to sale. If a lengthy selling period is anticipated, the Foundation may ask the donor to cover such expenses with a cash gift.

b) A completed IRS Form 8283 (“Non-Cash Charitable Contributions”) must accompany gifts of tangible personal property.

7. **Royalties, Distribution Rights**

a) The Foundation may accept gifts of royalties or distribution rights on published works (such as books or films) where there is clear evidence of marketability or assurance of an income stream. A qualified appraisal is required.

b) A completed IRS Form 8283 (“Non-Cash Charitable Contributions”) must accompany gifts of royalties or distribution rights.

8. **Insurance Policies and Proceeds**

a) Donors may transfer ownership of a paid-up policy to the Foundation. Donors may transfer ownership of premium-due policies to the Foundation and make income tax deductible contributions in the amount of the premiums. In either case, the Foundation shall be the owner and permanent beneficiary of the policy and retain the policy in its offices. Upon redemption, the value of the policy may establish a new fund, or contribute to any existing fund at the Foundation.

b) Contributions for premium-due policies must be made by direct payment to the Foundation at least ten days prior to the premium date. The Foundation cannot assume delinquent premium payments. If a policy is canceled, the cash value will be added to the Unrestricted Fund in the donor’s name for the charitable and educational needs of Iowa communities.

c) Paid-up policies of any value may be accepted by the Foundation. Premium-due policies must have a minimum face value of \$20,000; a one-time administrative fee will be assessed.

d) Donation of policies or annuities written for a year-end tax purpose must have a certifiable date from the insurance company to be a qualified donation for that tax year.

e) The Foundation will not enter into charitable reverse split dollar agreements.

9. **Retirement assets**

a) Account type retirement plans, in which a balance accumulates as principal, may be gifted to the Foundation. These include Individual Retirement Accounts (IRA's), 401(k), 403(b), and defined contribution plans. Annuity plans, such as defined benefit plans, in which retirement benefits are paid out as income and principal does not accumulate, generally cannot be used for charitable gifts.

b) Methods for gifting retirement assets include:

(1) naming the Foundation as successor or contingent beneficiary for all or part of the assets upon death of either the retirement asset owner or spouse;

(2) creating a testamentary charitable remainder trust upon the death of the asset owner, naming the Foundation as remainder beneficiary and non-charitable heirs as income beneficiaries.

IX. **PLANNED AND TESTAMENTARY GIFTS**

A. The Foundation's planned and testamentary giving program encompasses all forms of gifts whose benefits do not fully accrue to the Foundation until some future time (such as the death of the donor or other income beneficiaries or the expiration of a predetermined period of time), or whose benefits to the Foundation are then followed by the interests of non-charitable beneficiaries.

B. Donors using planned and testamentary gift techniques may establish any of the fund types listed above. Will, trust, or other documents should specify the Foundation as the charitable recipient and name the fund to which the donor's gift will contribute. The type of fund and purpose of the fund may be described in detail in a separate fund agreement.

C. Bequests

1. Bequests may be from a will or trust and may be specific or contingent in nature.

2. Representatives of the Foundation are authorized to solicit direct testamentary charitable contributions through wills or trusts, as well as testamentary contributions to establish gift annuities and charitable remainder and lead trusts. Advice offered by representatives of the



Foundation must be accompanied by a written recommendation that the prospect consult his/her own attorney and/or tax counsel.

3. A bequest through will or trust to the Foundation should include the following:
  - a) The Pella Community Foundation, an Iowa non-profit corporation located at P.O. Box 112, Pella, Iowa;
  - b) The name of the fund to which the bequest is made (this may be a new or existing fund). In the case of a new fund, the Foundation will, upon notification that the bequest has been included in a will or trust, prepare a separate fund agreement defining the purpose for which the fund has been created.

D. Charitable Remainder Trusts

1. Unitrusts

a) The basic form of a Unitrust provides for payment to the donor and/or beneficiary of an amount equal to a set percentage of fair market value of the assets of the trust, valued annually. The percentage is determined at the time the trust is created, is stated in the trust and is permanent. The payout must equal no less than 5% of the fair market value of the assets placed in the trust when it is created, and may be made monthly, quarterly, semiannually or annually. If the annual income and/or realized capital gains do not equal the committed Unitrust percentage, principal is used to supplement the shortfall. If there is any excess income or appreciation in excess of the stipulated payment, it is added to the principal. Additional contributions may be made to Unitrusts.

b) The present value of the remainder interest must equal or be greater than 10% of the original contribution to the trust.

c) A variation of the basic Unitrust, known as the Net Income with Make-Up Unitrust, may be used if the donor and the Foundation agree on its use. When the trust is created, it includes a provision which defines the Unitrust's payments to be the lesser of the specified payout rate or the actual annual income generated from the investments in the Unitrust. In subsequent years, any income generated from the Unitrust in excess of the specified payout percentage is used to make up any deficit from previous years and is paid to the income beneficiary/donor prior to being added to the Unitrust corpus. The Unitrust also can be structured to be a Net Income Unitrust. In this case, the payout is made from income only and principal is not accessed for income payout.

d) Another variation of the basic Unitrust is known as the Flip Unitrust. A Flip Unitrust starts as a Net Income Unitrust or a Net Income with Make-Up Unitrust. Upon the occurrence of certain specified events (e.g., a specific date, sale of real property, etc.), a Flip Unitrust "flips" to function as a basic Unitrust. A flip provision may be attractive to donors who intend to fund their Unitrust with assets that are not producing income, such as undeveloped real property.

2. Annuity Trusts

a) Donor and/or beneficiary annually receive a payout that is fixed irrevocably at the time of the gift and stated in the trust agreement. The payout must equal at least 5% of the fair market value of the assets placed in the trust when it is created. Income in excess of the annual payment is added to principal. If the income in any year is less than the annual payment, the difference is derived from realized capital gain or principal. Additions may not be made to Annuity Trusts.

b) The present value of the remainder interest must be equal to or greater than 10% of the original contribution to the trust.

3. Policy

a) Representatives of the Foundation are authorized to solicit gifts in the form of Charitable Remainder Trusts (including basic Unitrusts, Annuity Trusts, Net Income Unitrusts, Net Income with Make-Up Unitrusts and Flip Unitrusts) with annual payout rates ranging from 5% to 9% of fair market value of trust assets; payout rates of more than 9% must be reviewed for approval by the Board (Net Income Unitrusts do not require this approval).

b) Donors who elect to self-trustee must be informed of the administrative and tax-reporting responsibilities entailed by their trusteeship. The Foundation representative may provide information on vendors providing administrative and tax reporting services.

E. Charitable Lead Trusts

1. Description

a) Income earned from the assets within the Charitable Lead Trust is donated for a period of years, or for the remaining life of the donor or beneficiary. The remainder interest is either retained by the donor or given to a non-charitable beneficiary.

b) A contribution of the income generated from the assets within the trust must be in the form of either an annuity or Unitrust interest.

2. Policy

a) Representatives of the Foundation are authorized to solicit gifts for Charitable Lead Trusts. The donor may select any annuity or fixed payout percentage.

F. Charitable Gift Annuities

1. Description

a) The Foundation and the donor enter into a contract providing a fixed dollar return for life to the donor and/or other beneficiaries in exchange for a contribution to the Foundation. The amount of payment is dependent upon the age of the donor and the size of the gift. The date that income payments to the beneficiary begin may be deferred. The

annuity contract is a general obligation of the Foundation.

2. Policy

a) Representatives of the Foundation are authorized to solicit gift annuity agreements.

b) The Uniform Gift Annuity Rates as published by the American Council on Gift Annuities will not be exceeded without Board approval.

c) Disclosure to the donor must follow state and federal regulations.

d) The minimum gift for an annuity agreement is \$5,000.

e) Agreements may provide for income payments to not more than two successive life beneficiaries.

f) With the exception of a Deferred Payment Gift Annuity, the minimum age of income beneficiaries shall be 62 years. Deferred Payment Gift Annuities should begin annuity payments after age 62.

## THE DONORS' BILL OF RIGHTS

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the non-profit organizations and causes that they are asked to support, we declare that all donors have these rights.

- I. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- II. To be informed of the identity of those serving on the organization's governing Board, and to expect the Board to exercise prudent judgment in its stewardship responsibilities.
- III. To have access to the organization's most recent financial statements.
- IV. To be assured their gifts will be used for the purposes for which they were given.
- V. To receive appropriate acknowledgment and recognition.
- VI. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
- VII. To expect that all relationships with individual representing organizations of interest to the donor will be professional in nature.
- VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

### DEVELOPED BY

AMERICAN ASSOCIATION OF FUND RAISING COUNSEL  
(AAFRC)  
ASSOCIATION FOR HEALTHCARE PHILANTHROPY (AHP)  
COUNCIL FOR ADVANCEMENT AND SUPPORT OF  
EDUCATION (CASE)  
NATIONAL SOCIETY OF FUND RAISING EXECUTIVES (NSFRE)

### ENDORSED BY

INDEPENDENT SECTOR  
NATIONAL CATHOLIC DEVELOPMENT CONFERENCE (NCDC)  
NATIONAL COMMITTEE ON PLANNED GIVING (NCPG)  
NATIONAL COUNCIL FOR RESOURCE DEVELOPMENT (NCRD)  
UNITED WAY OF AMERICA

## **REAL ESTATE GIFT ACCEPTANCE PROCEDURES**

### **Guidelines When Donors Express their Desire to Donate Gifts of Real Estate**

1. The Foundation staff and the donor should meet to visually evaluate the property and develop appropriate gift arrangements with the donor, subject to proper approval. The approval process includes consulting with the Chair of the Foundation's Board of Directors and the Foundation's Board.
2. An appraisal is to be performed by an independent appraiser according to IRS guidelines.
3. The attached Checklist for Real Estate Gifts needs to be followed, if applicable.
4. A financial analysis must be performed prior to acceptance to determine whether the gift makes financially sound investment for the Foundation, especially if commercial or income property is involved.
5. Gifts of real property should result in a gift to the Foundation of \$50,000 if the property is in Iowa or \$100,000 if out of state.
6. Depending on the complexity and value of the property being donated, the staff should discuss an appropriate fee/gift arrangement with the donor to help cover the overhead costs of accepting the gift. These may include realtor commissions, title work, closing costs, legal fees, property taxes, insurance and environmental assessments.
7. The following agreements with the donor may be required: fund agreement, expense reimbursement and fee agreement, deed execution and title insurance policy.

### **Considerations for Accepting Real Estate Gifts**

8. The Foundation will take into account the depreciation of real estate in considering gift proposals. If the donor has taken accelerated depreciation in excess of straight-line prior to making the gift, the donor will be responsible for making any recapture payments to the IRS.
9. The Foundation will consider encumbered property for acceptance only if the evaluation convincingly demonstrates that the property can be sold at a price that substantially exceeds the aggregate amount of the encumbrances and any costs associated with satisfying them.
10. The Foundation must weigh carefully whether or not it has the desire and ability to manage the property for whatever length of time is necessary to consummate the sale. If the property produces income, the Foundation must consider the

amount of income it receives against the ongoing cost of the encumbrances.

11. The Foundation will not pay for appraisals, finder's fees or the drafting of legal documents.

### **Disposition of Property**

Generally, the Foundation will sell property as quickly as possible after the gift is completed. There may be certain circumstances which could delay a sale.

1. The Foundation should consider its investment objectives before selling.
2. The Foundation should avoid selling property at a distressed price. A quick distress sale may jeopardize the donor's charitable contribution deduction and might negatively impact the market values in the area.
3. The Foundation should consider the desire of the donor to keep farmland property in production for a specified period of time.

### **Environmental/Pollution Concerns**

In most cases, a Phase One Inquiry will be required prior to acceptance of proposed real estate gifts. The inquiry should include site observations, building observations, and interviews with the current owners and adjacent site reconnaissance.

If concerns are raised by the Phase One Inquiry, Phase One Screening and, dependent upon the level of environmental concern at the site, Phase One Assessment may be required.

### **Phase One Screening**

Should include the following:

Review of Regulatory Agency Records: EPA/NPL Site List, EPA-CERCLIS Site List, EPA-RCRA Generator Site List, State DEP Hazardous Waste List, State DEP Land Fill List, State EEP Leaking UST List, and an interview with the local fire department.

Review of Occupant History: Review of fire insurance maps.

### **The Phase One Assessment**

Should include the following:

Review of Regulatory Agency Records: EPA-RCRA-TSD Site List, EOA-ERNS List and State DEP Registered UST List.

Review of Physical Setting: USGS Topographical Map, USDA Soil Survey, State

or USGS Groundwater Map, USDI Wetlands Map, Aerial Photographs, and Building or Site plans.

Review of Owner History: Tax Assessors records, chain of title review and interview with previous owner(s).

Review of Occupant History: Historical City Directories, Building Department Records and interviews with previous occupants.

Optional Testing Includes: Asbestos-containing materials, radon gas, lead-based paint and lead in drinking water.

### **Final Documents for Gift Acceptance**

Should include:

Seller/donor agreement: containing environmental/pollution disclosure and liability.

Known and unknown liabilities from transfer documents should not be excluded from the agreements.

### **Gifts Related to Real Estate**

The Foundation may accept trust deed notes and mortgages as gifts. In most cases, a qualified appraisal would determine the value, taking into account the unpaid principal balance, the interest rate payable under the loan, and the current interest rates.

### **Bargain Sale of Real Estate and Personal Property**

Gifts in the form of a bargain sale need to be appraised by an independent appraiser with the fee to be paid by the donor.

In addition, the asset must be readily marketable (maximum estimated selling period of one year) or have a reasonable current use to the Foundation. The minimum gift valuation should be \$50,000, net of the Foundation's investment.

### **Gifts of Real Estate with Retained Life Tenancy**

Consideration of a life tenancy gift requires the Foundation staff to follow the stated guidelines for acceptance of real property. The donor pays for the appraisal and all transfer fees and costs. The gift value and anticipated value of property at the end of the life tenancy will be calculated by the Foundation when the gift is made.

There should be reasonable expectation that the property can be sold within one year after the death of the donor or donor's relinquishment of the property.

In accepting gifts of real estate with retained life tenancy, the Foundation also will take into consideration the potential use of the property during the life tenancy to avoid acceptance of a property that may become a liability in future years.

The Foundation should agree to participate in a gift of real estate with retained life tenancy only if:

- The life tenancy beneficiary is 55 or older;
- The property value initiating the life tenancy is a minimum of \$100,000;
- The Foundation is named as irrevocable remainder beneficiary.



**THE PELLA COMMUNITY FOUNDATION  
Checklist for Real Estate Gifts**

**General Information:**

<b>Donor's Name</b>		
<b>Address</b>		
<b>Phone Number</b>	<b>Home</b>	<b>Business</b>
<b>Location of Property</b>		
<b>Type of Property</b>		
<b>Owners of Record</b>		
<b>Ownership: Circle One</b>	1. Sole	2. Joint    3. General Partnership
	4. Limited Partnership	5. Community Property
<b>Does the ownership include mineral rights, water rights, any restrictive easements, covenants or rights of way, etc.?</b>		
<b>Legal Description (from owner's documents)</b> _____		
<b>Any impending litigation with regard to the property?</b>		
<b>Valuation and date of most recent appraisal</b>		
<b>Annual Property Taxes</b>		
<b>Fees (association fees, sewer, water or other operating costs)</b>		
<b>Are there any liens, encumbrances, mortgages, etc.?</b> _____		
<b>Status of this year's taxes and holding costs (including delinquent fees)</b>		
<b>Donor's basis/cost of property and length of time owned</b>		
<b>Estimated time required to sell the asset</b>		
<b>Zoning uses (residential, commercial, etc.)</b>		
<b>Has the property been the subject of any regulatory designations such as wetland or easement?</b>		
<b>If so, list type of designation and regulatory agency</b>		
<b>Proposed delivery date of deed</b>		
<b>Date of physical inspection of the property</b>		

**:Documents to Obtain:**

**Date  
Received**

<b>Title Opinion</b>	
<b>Appraisal</b> <i>Must be ordered, paid for and submitted within 60 days of deed delivery.</i>	
<b>Deed</b> <i>Shows how title is vested and is used to prepare the title transfer.</i>	
<b>Property Tax Bill</b> <i>Shows assessed value of land, improvements, actual tax and any assessments.</i>	
<b>Income/Expense Pro-Forma for 3-yr Period</b> <i>If commercial income-producing property.</i>	
<b>Association Agreement</b> <i>Ownership rights and responsibilities of some properties, primarily residential or condominiums, are governed by an owners' association. The agreement should include fees or assessments, together with a statement showing the condition of any reserve fund for deferred maintenance.</i>	
<b>Conditions, Covenants and Restrictions</b> <i>Conditions, covenants and restrictions are required of most subdivisions. A copy of these will show how the property may be used and what restrictions may apply.</i>	
<b>Lease or Rental Agreements</b> <i>If the property is leased or rented to others, a copy of each rental agreement should be obtained showing the terms of the agreement, term of rental, deposits, etc.</i>	
<b>Notes, Mortgages or Other Debts</b> <i>If the property is encumbered by a note, mortgage or other debt, copies of the promissory note, mortgage, deed of trust or other relevant debt instrument should be obtained showing the terms of the encumbrance.</i>	
<b>Current Mortgage Statement</b> <i>Will show the current status of a loan and will be helpful in identifying the discussing the loan with the lender.</i>	

**:Documents to Obtain:**

**Date  
Received**

<b>Insurance Policy</b> <i>Will verify cost of insurance and provide information for the Foundation to transfer insurance, if desired, after gift is made.</i>	
<b>Plot Mat/Property Line</b> <i>This includes location of property and is an important step in acquiring much of the information for gift analysis.</i>	
<b>Inspection Reports</b> <i>Where inspection reports are available from previous activity related to the property, such as Code Officers, inspection reports or structural assessment reports by an engineer.</i>	
<b>Fund Agreement</b> <i>Outline of donor's charitable interest.</i>	
<b>Donor/Donee Transfer Agreement</b> <i>Must use the Foundation approved agreement form (if appropriate, depending on type of gift). The agreement should be drafted with legal counsel help to meet the needs of each gift.</i>	