



Policy and Procedures Gifts of Real Estate

Purpose

To define the policies for accepting gifts of real property from RMC congregations (“Gifting Congregations”) to the Rocky Mountain Conference of the United Church of Christ (“RMC”).

Policy

It is the policy of the RMC to accept gifts of real estate if, upon analysis, it can be shown that (1) the potential gift may result in financial gain that contributes to the purpose, mission, and ministries of the RMC, or (2) the RMC may gainfully utilize the property for one or more of its programs or ministries.

Responsibility

The RMC Finance Committee, in cooperation with the RMC Conference Minister or another RMC staff person designated by the RMC Board, is responsible for preliminary analysis of the potential gift property. The RMC Board of Directors makes the final decision on the acceptance of gifts of real estate.

Guidelines

1. The RMC will not accept gifts of a nature that would be inconsistent with the purpose, mission, ministries, and goals of the organization.
2. The RMC accepts gifts of real estate only after the property has undergone a Phase I Environmental Site Assessment (ESA) performed by a qualified environmental professional in accordance with the current applicable ASTM standard¹. If a Phase I ESA identifies any recognized environmental conditions, a Phase II ESA may also be required prior to acceptance of a gift of real estate.
3. The RMC evaluates all gifts of real estate considering debt, insurance requirements, property owners’ association fees, and other carrying costs when determining the advisability and value of accepting the gift. The RMC will not

¹ Current means that the ESA was completed less than 180 days prior a real estate closing in which RMC accepts title to donated real property.

generally accept properties with debt without with an independent appraisal and then only if the debt amounts to less than 50 percent of the value established by the appraisal.

4. Prior to the RMC accepting a gift of real estate, the Gifting Congregation shall provide the RMC with a current title search to enable the RMC to decide about whether there are any restrictions, easements, liens, or other title issues that could substantially impair the value or marketability of the property.
5. The Gifting Congregation shall retain an independent qualified appraiser to establish the fair market value of the property. The appraisal will establish the donor's charitable gift value, give the RMC a reasonable value at which to carry the asset on its books, and establish a reasonable asking price for the property. Appraisals can be challenging for single-use buildings like churches. Because of this, the RMC Board of Directors may deem it acceptable to retain a qualified commercial real estate broker to provide an opinion of value in lieu of - or in addition to - an appraisal.
6. Ordinarily, and unless the RMC Board of Directors determines that retaining the property is advantageous to the purpose, mission, ministries, and goals of the RMC, the RMC will list a property gifted to the RMC for sale with a licensed real estate broker as soon as is practicable. The RMC will attempt to realize a sale with a purchase price no less than the appraised value of the property but is not bound to do so. Factors such as high taxes, sizable debt, or other carrying costs may dictate that the property be sold as quickly as possible for a price less than the appraised value.
7. The RMC shall retain an attorney to review all documents prior to accepting the property.
8. Donations of real property by churches to the RMC shall be designated as unrestricted gifts.

Procedure for the Evaluation and Acceptance of Real Estate

1. A Gifting Congregation indicates to the RMC an interest in making a gift of real estate, either because the Gifting Congregation has a) voted to disband; b) ceased to function as a church; c) decided to divest itself of the subject real estate; or d) voted to withdraw from the United Church of Christ.
2. The RMC Conference Minister (or another RMC staff person designated by the RMC Board) and RMC Treasurer schedule a visit with the Gifting Congregation to discuss the potential gift.
3. The RMC Treasurer requests the following information from the Gifting Congregation:

 - a. Address and legal description of the property;

- b. copy of the owner's vesting deed;
 - c. copy of the last three years' property tax statements;
 - d. name of the owner(s), percentage of ownership, and type of ownership;
 - e. terms of debt, if any, balances due, and whether the Gifting Congregation expects the RMC to assume the debt;
 - f. survey or plat, if available;
 - g. history of use of the property;
 - h. information about the costs of owning and operating the property (e.g., property taxes, utilities, maintenance, security; insurance)
 - i. copies of all insurance policies;
 - j. rent roll and current leases, if applicable;
 - k. zoning status of the property, including any restrictions in use, any enforcement violations, or proposed condemnation;
 - l. description of all existing municipal code violations;
 - m. copies of all service agreements;
 - n. copies of all existing environmental assessments; and
 - o. copy of a recent appraisal, if available.
4. The RMC Conference Minister or another RMC staff person designated by the RMC Board, a representative of the RMC Finance Committee, along with a real-estate professional, will visit the property to perform a visual site inspection, take photographs, and make an initial assessment of the marketability of the property. They will note any environmental hazards or other potential liabilities and formulate and deliver a recommendation to the RMC Board of Directors regarding whether to pursue the potential gift any further.
 5. If the recommendation is to pursue the potential gift, the Gifting Congregation shall engage a qualified firm to perform a Phase One Environmental Site Assessment. Based on the results of the Assessment, the Gifting Congregation may be required to obtain a Phase Two Environmental Site Assessment.
 6. The RMC will obtain a title commitment to review current ownership of the property and to determine if there are any title defects.
 7. The Gifting Congregation shall obtain a zoning verification letter from the appropriate governmental authority and provide a copy to the RMC Conference Minister or another RMC staff person designated by the RMC Board.

8. The RMC shall request a list of police reports associated with the subject property and the surrounding area/neighborhood for the past two years, to ascertain if security issues exist that may be exacerbated once the property is no longer occupied.
9. The RMC shall obtain inspections (structural, mechanical, electrical, and plumbing) of all structures on the subject property.
10. The Gifting Congregation shall obtain an appraisal of the property. Appraisals can be challenging for single-use buildings like churches. Because of this, the RMC Board of Directors may deem it acceptable to retain a qualified commercial real estate broker to provide an opinion of value in lieu of - or in addition to - an appraisal.
11. The RMC shall negotiate with the Gifting Congregation to determine which party is responsible for each of the costs and fees associated with the donation of the property, the transfer of ownership to the RMC, and the RMC's operating costs post-closing. These costs include, but are not limited to, the costs of Environmental Site Assessments, the costs of title searches, title insurance, preparation of the Deed of Trust, closing costs, recording costs, and legal fees charged by the title company, and the buyer's commission or fee payable to a real estate agent and/or broker. If the property is located more than fifty (50) miles from the RMC mailing address, this amount shall include the cost to engage a local professional to manage and oversee the property. The factors to be considered in this negotiation shall include:
 - a. Whether the Gifting Congregation has voted to disband;
 - b. Whether the Gifting Congregation has ceased to function as a church;
 - c. Whether the Gifting Congregation has voted to withdraw from the United Church of Christ; and
 - d. The assets, liabilities, equities, and other financial conditions of the Gifting Congregation.
12. The RMC Treasurer, in cooperation with the RMC Conference Minister or another RMC staff person designated by the RMC Board, shall prepare a report and recommendation for the RMC Board of Directors, including a budget representing total costs of ownership for the period the RMC expects to own the property. The budget shall include, but not be limited to, taxes, insurance, utilities, maintenance, security, debt service, fees and permits, advertising, commissions, legal fees, closing costs, and all other costs anticipated to be incurred in obtaining, owning, and disposing of the property. If the property is located more than fifty (50) miles from the RMC mailing address, this amount shall include the cost to engage a local professional to manage and oversee the property.

The budget will be used to project the net proceeds to the RMC expected from the final disposition of the property.

13. The RMC Board of Directors shall vote on whether to accept the gift of real estate and shall pass a board resolution authorizing the RMC Conference Minister or another RMC staff person designated by the RMC Board to affect the acceptance of the gift, with terms and conditions for the real estate closing.
14. Prior to closing, the Gifting Congregation shall remove all personal property, equipment, appliance, and fixtures not affixed to or part of the real property.
15. Prior to closing, the Gifting Congregation shall place into escrow an amount equal to one year of the RMC's anticipated ownership costs of the building, developed in accordance with item 12 above. The RMC shall include all anticipated costs of ownership of the property from the date of closing until the RMC disposes of the subject property, or for one year, whichever comes first. The Gifting Congregation shall reimburse the RMC for costs of ownership on a quarterly basis, beginning three months following the closing date. The RMC shall submit all costs to the Gifting Church for reimbursement no later than one year and 30 days after the closing date. Any funds remaining in the escrow account established by the Gifting Congregation after reimbursing all RMC costs submitted within one year and 30 days after the closing date shall be eligible for release from escrow. The RMC may, at its sole discretion, choose to reduce the amount the Gifting Congregation is required to place in escrow, or to waive this requirement, based on the Gifting Congregation's financial capacity.

If the RMC does not list the property for sale within six (6) months of the date of closing, any amounts in escrow shall be eligible for release and the RMC shall reimburse the Gifting Congregation for all expenses previously paid to it from the escrow account.

16. After closing, once RMC is the owner of the real estate, all decisions about the property will be made by the RMC Board in its sole discretion.
17. Ordinarily, once the transfer of ownership to the RMC is completed, the RMC Board will immediately list the property for sale.
18. The RMC reserves the right to retain the property if the RMC Board of Directors determines that the property can be used in a way that furthers the RMC's purpose, mission, ministries, and/or goals.
19. In all cases, the RMC Board reserves the right to decline to accept the donation of property from Gifting Congregations, if it determines, in its sole discretion, that the acceptance of the property is not compatible with the RMC's purpose, mission, ministries and/or goals, or that acceptance of the property is not financially beneficial to the organization.
20. The RMC Board reserves the right to decline a gift of real estate that names multiple beneficiaries; however, the RMC welcomes cash gifts resulting from the sales proceeds of real estate in these cases.
21. The RMC Board may consider placing any gift of real estate in a Limited

Liability Corporation (LLC) to limit the RMC's exposure to potential liabilities involved in ownership, particularly if there are any potential environmental issues.

22. The RMC Board reserves the right to decline the gift of real estate with conditions or restrictions and reversionary interests.

Adopted June 9, 2022