

## **Diocese of Dallas**

### **Policy and Procedures for Accepting Donations of Real Estate**

This policy and related procedures apply to any diocesan entity (parish, parochial school, diocesan high school, seminary, Catholic Charities of Dallas, Inc., St. Joseph's Residence, Inc., Texas Catholic Newspaper, Calvary Hill Cemetery, etc.) ("Entity").

The acceptance of donated (or bequeathed) real estate must follow the same due diligence process as purchasing a property, except there is no financing and no payment of consideration to the donor/estate.

A very healthy dose of skepticism needs to be used in reviewing potential donations of real estate. The Entity should know the donor and have a use for the property or know that there is a market for the property. Absent donation or bequest of property that is contiguous to the Entity's existing property, or is needed for future expansion or relocation, the Entity should plan on selling the property immediately.

1. The Entity should determine if it really wants to accept the donation/bequest and consult with the Diocesan CFO.
2. The Entity must obtain a simple letter of intent from the donor or a copy of the pertinent section of the will.
3. If there is a house or structure on the site, the donor/estate should complete the Texas Real Estate Commission lead paint and property condition questionnaires, and the Entity must have the building professionally inspected.
4. Certain non-residential properties (including perhaps vacant land) may require an environmental assessment. The level is to be determined by the Entity and Diocese jointly.
5. Get a copy of the existing deed through the title company (see 7 below) or the donor/executor.
6. An appraisal must be obtained that the donor can use for tax purposes and the Entity can use as a base point for resale purposes.
7. The Entity must engage a well known title company to issue a title commitment prior to closing, close the transfer, and issue a title insurance policy. A title insurance commitment must be obtained early in the process to check for clean title, accurate record title, liens (taxes, mortgages, assessments, easements, etc).
8. Diocesan counsel must draft the deed, for the title company.

9. Diocesan counsel must review all title commitments and assist in resolving exceptions.
10. At closing for a donated property, an IRS form 8283 must be signed by the appraiser and provided to the donor.
11. The Entity must file an IRS form 8282 if the property is sold within 3 years of the date of the donation (transfer of title).
12. The Entity, as donee, pays all costs.
13. The Entity will have to pay property taxes during its period of ownership, unless it can establish a religious or charitable exemption.