

Looking a Gift Horse in the Mouth




ARIZONA COMMUNITY FOUNDATION

Beth Jo Zeitzer, Owner / Designated Broker

R-O-I PROPERTIESSM
ENHANCING REAL ESTATE ASSETS

How to Build a Meaningful Donation Policy for Your Non-Profit Organization

- Ensuring that the Gift Furthers the Goals of the Organization
 - Vision
 - Mission
 - Values
 - Location
 - Function
 - Stability



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Asset v. Liability

Understanding What You are Receiving!



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Asset v. Liability

Understanding What You are Receiving!

- Hazardous Waste
 - Obtain Environmental Assessment



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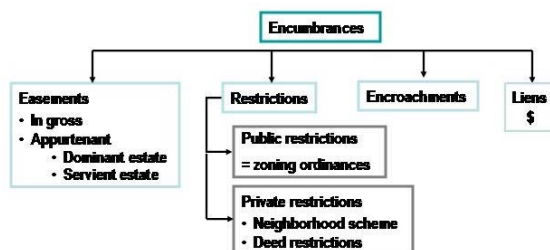
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Asset v. Liability

Understanding What You are Receiving!

- **Financial Encumbrances-** free and clear
 - Title Report
 - Whether or not donor pays



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Asset v. Liability

Understanding What You are Receiving!

- Restrictions, Easements, Liens, Encumbrances, Zoning, that would impair the value or create liability issues



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Asset Intake



- Rekey
- Post ownership notice & signage with emergency contact
- Take photos
- Measure all rooms/suites/spaces
- Note condition and necessary repairs, including pool, landscaping, and amenities
- Install lockboxes; provide for access
- Document condition and findings – Asset Intake Report



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RENTAL • COMMERCIAL • RESIDENTIAL

Asset v. Liability

Understanding What You are Receiving!

Property Management & Maintenance

- Regular property checks
- Initiate utilities (within 24 hours)
- Trash out, clean up
- Initial landscape maintenance
- Necessary repairs
- Regular maintenance and property checks until disposition is complete
- 24/7 emergency services until disposition is complete
- Need rent roll, profit & loss statement, and balance sheet
- Income property, property with tenants?
- Leasing
- Rent collection for income-producing properties
- Insurance placement and maintenance
- Monthly reporting
- Managing vendors
- Bill pay and accounting functions



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Asset v. Liability

Understanding What You are Receiving!

- Ongoing Financial Obligations
 - Taxes, Insurance, HOA, COA



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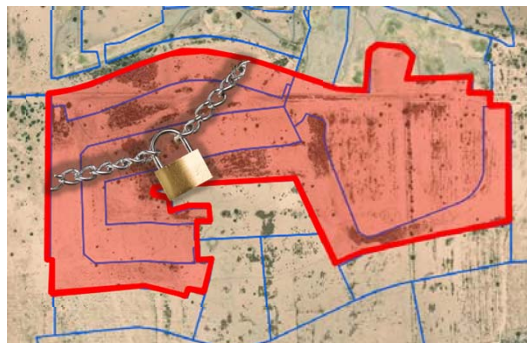
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Asset v. Liability

Understanding What You are Receiving!

- Encumbrances



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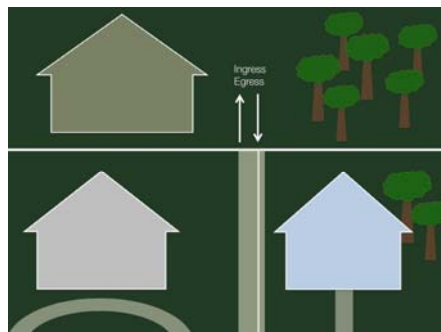
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Asset v. Liability

Understanding What You are Receiving!

- Easements
 - Property restrictions



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Attorney Review



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Estate Planning Donation Process

- Will
- Trust
- Charitable remainder trust
- Estate planning tool



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Gifts To Avoid And Why

- Lake lots
- Trailer park lots
- Time-shares
- Reversionary interests
- Life estates



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Valuation

- Appraisal
- Broker Opinion of Value/Broker Price Opinion
- Broker to value the property and provide report to the parties
 - Residential Assets - BPO (Broker Price Opinion) or CMA (Comparative Market Analysis)
 - Commercial Assets - BOV (Broker Opinion of Value)
- Factors impacting value:
 - Asset Class
 - Income Stream
 - Seasonality
 - Comparable sales
 - Inventory
 - Condition of property
 - Time frame
 - Use
 - Restrictions



Sales & Marketing

- Marketing strategies and plans should be customized for each asset to achieve

- **MAXIMIZE VALUE**

- Who are the likely Buyers?
- How are they reached?
- Understand the metrics of each property
- Directed at reaching high probability purchasers
 - Using expansive databases, tools
- Court approved sales



Residential Assets

- Move-in ready vs. rehab opportunity
- Age-restricted
- Master planned community
- Condition
- Finish level
- Schools
- Amenities
- Lot size

Commercial Assets

- Owner Occupant vs. investor
- Income stream
- Appropriate CAP rate
- Metrics for asset class
 - Per square foot
 - Per acre
 - Per unit

Land Assets

- Large land parcels
- Master planned parcels
- Subdivided lands
- Infill
- Rural



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Contract Negotiations



- Achieve highest and best terms
- Proactively identify likely issues
- Developing and implementing solutions to issues
- Financing alternatives and issues today – buyer must be able to get a loan (or pay cash!)
- Vetting buyer/association/property for underwriting strength and determination of financial ability
- Earnest Money –
 - Negotiability – earnest money deposit may be non-refundable from initiation, depending upon demand
 - Earnest money deposit is generally non-refundable after inspection period and appraisals have been completed, but depends on contract
- Counter Offer Addendum – states that sale of property is as is, without representation and warranties, and is subject to court approval, as applicable



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Thank You!

Beth Jo Zeitzer is the Owner and Designated Broker of R.O.I. Properties, and the owner of R.O.I. Asset Management Solutions. R.O.I. Properties is a full-service real estate brokerage firm which works with business owners, investors and property owners, regarding the management, marketing and sale of Commercial and Residential properties, including office, industrial, retail, multi-family, hospitality, mobile home parks, land and single family assets. In addition to serving as Real Estate Broker, through R.O.I. AMS, Beth Jo is appointed by numerous courts as Receiver, Real Estate Special Commissioner, Special Master, Bankruptcy Trustee and Expert Witness in real estate matters and legal proceedings.

Beth Jo is an attorney by training, and former Corporate Counsel and Director of Commercial Properties for Del Webb Corporation. Beth Jo was named one of the 50 Most Influential Women in Arizona Business, by AZ Business Magazine. She is a Director for APLA (Arizona Private Lenders Association), Past President of AZCREW (Arizona Commercial Real Estate Women), Past President of TMA (Turnaround Management Association), a member of Valley Estate Planners, Arizona Bankers Association, Arizona Trustee Association, Valley Partnership, Urban Land Institute, California Receivers Forum, and other Real Estate and Banking trade organizations. Beth Jo can be reached at bjz@roiproperties.com or 602-319-1326.

