

D- 7. REAL ESTATE SALE AND LEASE POLICY *

The sale of real property of the University for the purpose of operation costs is discouraged. Real property is a capital asset, and the sale of the same should be considered only when:

- the use of the property is no longer required to carry out the mission of the University;
- the costs of maintaining the real estate exceed its production of income;
- the property can be utilized for industrial and business expansions by the private sector, which will create jobs and benefits for the citizens for the State of Alabama;
- the use of the property is required for other public purposes;
- the sale is directed by the donor of the real property; and
- for other reasons as may be approved by the Board of Trustees.

Proceeds from the sale of real estate should, except in special circumstances and except when designated by the donor, be placed in the General Endowment Funds of Auburn University for investment or for the purchase of capital assets required to carry out the mission of the University.

Consideration shall be given to the designation of the sales proceeds, or income derived from an investment thereof, for the use of the college, school, department, or organization for which the asset was used prior to the sale; but the designation use of investment of the proceeds shall be as determined by the Board of Trustees.

* This policy is not applicable with respect to the ordinary operations of the University's Housing and Residence Life Division.

REAL ESTATE SALE AND LEASE PROCEDURES

When the real property of Auburn University is considered for sale or lease, the following procedures will be operative, unless other specific action is authorized by the Board of Trustees:

1. Review and recommendation of appropriate administrators, including the Chief Financial Officer and the President, will be obtained and submitted for consideration by the Board of Trustees.
2. One appraisal by a qualified (MAI) real estate appraiser will be obtained, for property whose estimated value is \$1 million or less. For property whose estimated value exceeds \$1 million, two (2) MAI appraisals shall be required –

one (1) by an appraiser not based in the general geographical area of the property's location. Such appraisal(s) shall be dated within six (6) months of the date of Board consideration of the sale.

3. In instances where the appraised amounts of the two (2) MAI appraisals differ by twenty percent (20%) or more, a third MAI appraisal shall be obtained. Fair market price of the property will be determined by an average of the values produced by the three (3) MAI appraisals. When the two (2) appraisals differ by an amount less than twenty percent (20%), fair market price will be determined by an average of the values produced by the two (2) MAI appraisals.
4. The appraisals obtained by Auburn University and furnished to the staff and Board of Trustees for inspection shall not be furnished to prospective purchasers and shall be the property of Auburn University and subject to confidentiality.
5. All relevant facts known to University administrators concerning the property and its value will be summarized in writing.
6. The foregoing material will be presented to the Property and Facilities Committee or the Executive Committee for recommendation to the Board.
7. All real estate sales or leases will be submitted for action of the Board of Trustees.
8. The sale or lease of real property shall be for cash only.
9. All conveyances of real property will be by statutory warranty deed or by quitclaim deed, signed by the President and Secretary of Auburn University or by the persons acting as such officers.
10. No real property will be sold or leased for less than its appraised value, except for sales by public bid specifically approved by the Board where the highest bid is greater than the minimum established.
11. These procedures are intended to apply to sales and leases of any interests in Auburn University realty not exempted under the same circumstances as set forth in Alabama Act 95-280. Notwithstanding the above, all sales or leases are subject to Board approval.
12. All sales or leases for an appraisal value in excess of \$20,000 shall be made by free and open competitive advertised public auction or advertised sealed bid unless: a) a written declaration is made that disposition of the land by alternative means is in the best interest of the institution and the public and ratified by the Board or b) is otherwise exempted under the same circumstances as those set forth in Alabama Act 95-280.

13. All contracts for the sale or lease of real estate and documents for the transfer of title shall be approved by General Counsel.
14. As a matter of policy, Auburn University shall not pay for the costs of title insurance, surveys (except as required for University purposes), or loan discounts, but shall be responsible for the furnishing of a Deed to the property to the prospective purchaser and responsible for any title curative work required to deliver good and marketable title to the purchaser.

ADOPTED: March 26, 1990

REVISED: March 29, 1996

REVISED: April 11, 2004

REAFFIRMED: June 19, 2009