

## D- 8. REAL PROPERTY EXCHANGE POLICY

Real property is a capital asset, and the exchange of the same should be considered only when the overall transaction is in the best interests of the University and:

- when the use of existing property is no longer required to carry out the mission of the University;
- when the costs of maintaining the existing real estate exceed its production of income;
- when the existing 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;
- when the use of the existing property is required for other public purposes;
- when the exchange is directed by the donor of the real property; and
- for other reasons as may be approved by the Board of Trustees.

Real estate exchanges involving Auburn University real property shall adhere to the following procedure, unless a variance is specifically authorized by the Board of Trustees.

1. Exchanges of real property may be proposed by or to Auburn University.
2. Proposals for the exchange of real property shall be consistent with applicable policies of Auburn University and statutory requirements, if any, of the jurisdiction (s) governing such transactions.
3. For each parcel to be exchanged, 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 (MAI) appraisals shall be required - one by an appraiser not based in the general geographical area of the property's location. Such appraisal(s) shall be dated within six months of the date of Board consideration of the sale.
4. In instances where the appraised amounts of the two MAI appraisals differ by 20 percent 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 MAI appraisals. When the two appraisals differ by an amount less than 20 percent, fair market price will be determined by an average of the values produced by the two MAI appraisals.

5. The appraisals obtained by Auburn University and furnished to the staff and Board of Trustees for inspection may be furnished to other parties to the proposed exchange but otherwise not to prospective purchasers and shall be the property of Auburn University and subject to confidentiality.
6. The respective appraised fair market values of the Auburn University property and the property proposed in exchange shall be the amounts used for comparison. No exchange shall involve the receipt of cash by Auburn University to balance the valuations of the respective parcels. The appraised fair market value of the property to be acquired by Auburn University shall equal or exceed the value of real property to be exchanged by Auburn University plus any cash paid by Auburn University.
7. All proposed exchanges of real property shall be submitted to the President for his recommendation to the Board of Trustees in securing its approval.
8. Upon approval of the Board, the Vice President for Business and Finance shall submit the file to General Counsel for preparation and review of documents applicable to consummation of the real property exchange. Conveyances to Auburn University shall be by full warranty deed unless otherwise specified in the approving Board resolution. Title insurance or a title opinion of legal counsel shall be secured unless otherwise specified in the approving Board resolution.
9. Upon approval of title and availability of cash added, if any, General Counsel shall cause the transaction to be closed and shall submit original conveyance and closing documents for recording and processing as set out in the Real Estate Records Procedure.

ADOPTED: June 17, 2005

REAFFIRMED: June 19, 2009