

Appendix 2

Required Elements in Real Estate Transactions of The University of Texas System

Type of Transaction	A. Appraisal?	B. Board of Regents Approval?	C. Coordinating Board Approval?	D. Environmental Review?	E. Fire and Life Safety Review?	F. Office of General Counsel Approval?	G. Real Estate Office Approval?	H. Survey?	I. Title Commitment and Title Policy?
Purchase by UT	Yes. For purchases requiring Coordinating Board approval, a total of 2 appraisals are required if the purchase price is \$300,000 or more. Appraisals must be dated no more than one year prior to the date the project application is submitted to the Coordinating Board.	Yes, unless the property is within a master plan previously approved by the Board <u>and</u> has an acquisition cost of \$1 million or less.	Yes, unless the acquisition: 1. has been approved by the Legislature; or 2. is a lease-purchase of clinical or research facilities; or 3. is a lease-purchase of unimproved real property; or 4. is a lease-purchase of improved real property not intended to be included in E&G inventory; or 5. is a lease-purchase of improved real property that is intended to be included in E&G inventory <u>and</u> has a value of \$300,000 or less; or 6. is for UT Austin and is financed more than 50% with PUF bonds or AUF. Note: A “ lease-purchase ” should not be confused with a lease that contains an option to purchase ; please consult the Real Estate Office.	Yes.	Yes, unless there are no buildings being purchased for campus purposes.	Yes.	Yes. Note: State law requires that a “Landowner’s Bill of Rights” be sent to a seller before beginning negotiations with the seller. The Real Estate Office sends out the notice on request from an institution.	Yes.	Yes.
Sale by UT	Yes, unless the property value is \$1 million or less, in which event other evidence may suffice—consult the Real Estate Office. The appraisal must be dated no earlier than 12 months prior to the Board of Regents meeting.	Yes, if the selling price exceeds \$1 million or is below market. Submit descriptions of process used to select 3 rd party, rationale for process selected, and process used to set price.	No.	No. (There may, however, be circumstances in which establishing the environmental status of the property prior to sale is important; please consult with the Real Estate Office.)	No.	Yes.	Yes.	Yes, if the land being sold is only a portion of the land originally acquired by UT. (Additionally, obtain a copy if the purchaser requires a survey.)	No (but obtain a copy if the purchaser requires a title commitment and policy).
Lease to UT (UT as tenant)	Recommended; other credible evidence of value may substitute—please consult the Real Estate Office.	Yes, if rentals and other lease charges over the life of the lease exceed \$1 million.	No, unless the lease is a lease-purchase of improved real property that is intended to be included in E&G inventory <u>and</u> has a value of more than \$300,000 (clinical or research facilities are exempt from the requirement for Coordinating Board approval, however). Note: A “ lease-purchase ” should not be confused with a lease that contains an option to purchase ; please consult the Real Estate Office.	Yes, unless the lease is: 1. a lease of improvements only; or 2. for less than 5 years and does not contemplate construction or other activities that disturb the soil.	Yes, unless there are no buildings being leased for campus purposes. Note: The fire and life safety review is not the same as the accessibility review that is required by statute for leases of space. Please consult with the Office of General Counsel.	Yes.	No, unless the lease: 1. is a lease of land, with or without improvements; or 2. is a lease-purchase or contains an option or right to purchase the property.	No, if the lease is only for space in a building. For all other leases, please consult the Real Estate Office.	Generally, no, if the lease is for space in a building. For space leases with significant tenant finish out costs paid by UT, however, and for all other leases, please consult the Real Estate Office.
Lease from UT (UT as landlord)	Yes, unless the value of the lease is \$1 million or less, in which event other evidence of value may suffice—consult the Real Estate Office. The appraisal must be dated no earlier than 12 months prior to the Board of Regents meeting.	Yes, if total rentals and lease charges exceed \$1 million or are below market. Submit descriptions of process used to select 3 rd party, rationale for process selected, and process used to set rental and charges.	No.	No. (There may, however, be circumstances in which establishing the environmental status of the property prior to lease is important; please consult with the Real Estate Office.)	No. (There may, however, be circumstances in which establishing the fire and life safety status of the property prior to lease is important; please consult with the Real Estate Office.)	Yes.	Yes, unless the lease is for general office uses in a building used for institutional purposes. Additional requirements apply to privatized construction.	Yes, if the land being leased is only a portion of the land originally acquired by UT. (Additionally, obtain a copy if the tenant requires a survey.)	No (but obtain a copy if the tenant requires a title commitment and policy).
Easement to UT	Yes, if UT is paying in cash or in kind.	Yes, if the value of the easement exceeds \$1 million.	No.	Yes, if construction or other activities that would disturb the soil are contemplated.	No, unless buildings to be used for campus purposes are located on the easement property.	Yes.	Yes.	Yes.	Yes.
Easement from UT	Recommended; other credible evidence of value may substitute—please consult the Real Estate Office.	Yes, if the value of the easement exceeds \$1 million or if the value received (may be in kind) is less than fair market value.	No.	No. (There may, however, be circumstances in which establishing the environmental status of the property prior to granting the easement is important; please consult with the Real Estate Office.)	No.	Yes.	Yes.	Strongly recommended; failure to specifically locate the easement can inhibit future use of UT property.	No (but obtain a copy if the easement holder requires a title commitment and policy).
Gift to UT	Yes. Other credible evidence of value may substitute—please consult the Real Estate Office.	Yes, if the property value exceeds \$1 million.	No, unless the property is improved <u>and</u> is to be added to E&G inventory (clinical or research facilities are exempt from the requirement for Coordinating Board approval).	Yes (trusts and estates: not required until the fiduciary gives notice of intent to transfer title).	No, unless the property contains buildings that are to be used for campus purposes.	Yes.	Yes.	Yes.	Yes.

C:\Documents and Settings\kbewley\Desktop\Appendix 2 Requirements Revised for web.doc

Appendix 2

Required Elements in Real Estate Transactions of The University of Texas System

Statutory and Policy Sources for Requirements

A. Appraisal:

- Regents' Rules and Regulations, Rule 60101, Acceptance and Administration of Gifts
- Regents' Rules and Regulations, Rule 60103, Guidelines for Acceptance of Gifts of Real Property
- Regents' Rules and Regulations, Rule 70301, Matters Relating to Real Property
- Real Estate Office Procedures for Processing Acquisitions of Campus Real Estate
- Coordinating Board Rules, 19 Tex. Admin. Code § 17.51, Additional Requirements

B. Board of Regents Approval:

- Regents' Rules and Regulations, Rule 60101, Acceptance and Administration of Gifts
- Regents' Rules and Regulations, Rule 70301, Matters Relating to Real Property

C. Coordinating Board Approval:

- Texas Education Code § 61.0572
- Coordinating Board Rules, 19 Tex. Admin. Code §§ 17.10 & 17.11, Board Approval and Projects Exempt from Board Approval

D. Environmental Review:

- UTS 161, Environmental Review for Acquisition of Real Property

E. Fire and Life Safety Review:

- UTS 135, Fire and Life Safety Reviews

F. Office of General Counsel Review

- Regents' Rules and Regulations, Rule 10501, Delegation to Act on Behalf of the Board
- Regents' Rules and Regulations, Rule 60101, Acceptance and Administration of Gifts
- UTS 126, Processing of Space Lease Agreements
- UTS 145, Processing of Contracts
- UTS 147, Processing of Sales and Leases of Real Property

G. Real Estate Office Review

- Texas Property Code §21.0112
- Regents' Rules and Regulations, Rule 60101, Acceptance and Administration of Gifts
- Regents' Rules and Regulations, Rule 60103, Guidelines for Acceptance of Gifts of Real Property
- Regents' Rules and Regulations, Rule 70301, Matters Relating to Real Property
- UTS 126, Processing of Space Lease Agreements
- UTS 147, Processing of Sales and Leases of Real Property

H. Survey:

- Regents' Rules and Regulations, Rule 60103, Guidelines for Acceptance of Gifts of Real Property
- Real Estate Office Procedures for Processing Acquisitions of Campus Real Estate

I. Title Commitment and Title Policy:

- Regents' Rules and Regulations, Rule 60103, Guidelines for Acceptance of Gifts of Real Property
- Real Estate Office Procedures for Processing Acquisitions of Campus Real Estate