

**Required and Recommended Elements in Real Estate Transactions of The University of Texas System
(as of April 6, 2018)**

<u>Type of Transaction</u>	<u>A. Appraisal?</u>	<u>B. Board of Regents Approval?</u>	<u>C. Coordinating Board Review?</u>	<u>D. Environmental Review?</u>	<u>E. Fire and Life Safety Review?</u>	<u>F. Office of General Counsel - Real Estate Office Approval?</u>	<u>G. Survey?</u>	<u>H. Title Commitment & Title Policy?</u>
Purchase by UT	Yes. For purchases subject to Coordinating Board review, a total of 2 appraisals are required if the purchase price is \$1 million or more. Appraisals must be dated no more than 1 year prior to the date the project application is submitted to the Coordinating Board for review. The most recent appraisal of the local property tax appraisal district may be used for one of the 2 appraisals.	Yes, unless the property is within a master plan previously approved by the BOR and has an acquisition cost that does not exceed the institution's BOR contract approval threshold.	Yes. Review (but not approval) is required for: (i) improved property purchases intended for E&G inventory with a purchase price of more than \$1 million; and (ii) projects for E&G space financed by tuition revenue bonds under TEC §61.0572 and §61.058.	Yes.	Yes, unless there are no buildings being purchased for campus purposes.	Yes. Note: If acquisition by eminent domain is contemplated, State law requires that a "Landowner's Bill of Rights" be sent to a seller before making a final offer to a seller and before (or at the same time) first representing to a seller that UT possesses eminent domain authority. 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 – please consult the Real Estate Office. For a sale subject to BOR approval, the appraisal must be dated no earlier than 12 months prior to the BOR meeting.	Yes, if the selling price exceeds the institution's BOR contract approval threshold or is below fair market value.	No	No. (There may, however, be circumstances in which establishing the environmental status of the property prior to sale is important; please consult the Real Estate Office.)	No.	Yes.	Yes, if the land sold is a portion of the land originally acquired by UT. (Also, obtain a copy if the purchaser requires a survey.)	No (but obtain a copy if the purchaser requires a title commitment and policy).
Lease or License to UT (UT as tenant or licensee)	Recommended; other credible evidence of value may substitute – please consult the Real Estate Office.	Yes, if total cost or monetary value of the lease or license (including any possible extensions) exceeds the institution's BOR contract approval threshold, or the consideration provided by UT is above fair market value.	No	<u>If a lease:</u> 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. <u>If a license:</u> No, if the license is: 1. a license of improvements only; or 2. for less than 5 years and does not contemplate construction or other activities that disturb the soil. For all other licenses, please consult the Real Estate Office.	<u>If a lease:</u> 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. Generally, if the lease has an annual lease expense in excess of \$12,000, then an on-site inspection of the proposed leased space must be performed before it is occupied by the institution. Even if inspection is not required under the \$12,000 annual lease expense test, State accessibility standards still apply to the leased space and the institution. Please consult the Real Estate Office. <u>If a license:</u> Please consult the Real Estate Office.	Yes, as to <u>legal review</u> , unless: 1. the contract is a lease (as opposed to a license) and the UT standard space lease form is used with no material changes and in accordance with all the terms and conditions accompanying the use of such form; or 2. the contract is a lease or a license, and the subject contract incorporates without change the State Law Addendum and satisfies all the terms and conditions accompanying the use of such addendum, including the condition that the addendum may be used only if (A) the total cost or monetary value for the life of the contract (including any possible extensions) is less than \$1 million and (B) the annual average cost is less than \$500,000. Yes, as to <u>business review</u> , if the lease or license: 1. has a term (including initial and all extension terms not under BOR's control) in excess of 10 years; 2. has an initial term (or any extension term under BOR's control) that exceeds 10 years; 3. requires BOR to pay a penalty or fee for ending the contract after 10 years or more; 4. has a total cost or monetary value that exceeds the institution's BOR contract approval threshold; 5. is a lease or license of land (with or without improvements); 6. contains an option to purchase, a right of first refusal to purchase, or other right or option to purchase improvements or land; 7. involves construction or substantial construction of a new building or facility, or the substantial replacement or reconstruction of existing building or facility; 8. involves nonmonetary consideration (please consult the Real Estate Office); or 9. requires approval by the BOR.	No, if the lease or license is only for space in a building. For all other leases and licenses, please consult the Real Estate Office.	<u>If a lease:</u> Generally, no, if the lease is for space in a building. For leases with major tenant finish out costs paid by UT and for all other leases, please consult the Real Estate Office. <u>If a license:</u> NA
Lease or License from UT (UT as landlord or licensor)	Recommended; other credible evidence of value may substitute – please consult the Real Estate Office.	Yes, if total cost or monetary value of the lease or license (including any possible extensions) exceeds the institution's BOR contract approval threshold, or the consideration received by UT is below fair market value. 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 property's environmental status prior to lease or license is important; please consult 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 or license is important; please consult the Real Estate Office.)	Yes, as to <u>legal review</u> in all cases. Yes, as to <u>business review</u> , if the lease or license: 1. is to be executed by the Executive Director of Real Estate or his/her delegate in the Real Estate Office; 2. has a total cost or monetary value that exceeds the institution's BOR contract approval threshold; 3. is referred to the Real Estate Office by the UT System Office of Health Affairs or UT System Office of Academic Affairs; 4. involves nonmonetary consideration (please consult the Real Estate Office); or 5. requires approval by the BOR. Additional requirements apply to privatized construction.	Yes, if the land being leased or licensed is only a portion of the land originally acquired by UT. (Also, obtain a copy if the tenant or licensee requires a survey.)	<u>If a lease:</u> No (but obtain a copy if the tenant requires a title commitment and policy). <u>If a license:</u> NA

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Easement to UT	Yes, if UT is paying in cash or in kind.	Yes, unless the easement is necessary to implement institutional projects or serve real property owned or controlled by BOR and has a total cost or monetary value that does not exceed the institution's BOR contract approval threshold.	No	No. (There may, however, be circumstances in which establishing the property's environmental status prior to acquiring the easement is important; please consult the Real Estate Office.)	No, unless buildings to be used for campus purposes are located on the easement.	Yes.	Yes.	Yes.
Easement from UT	Recommended; other credible evidence of value may substitute – please consult the Real Estate Office.	Yes, if the total cost or monetary value of the easement exceeds the institution's BOR contract approval threshold or if the value of the consideration received (may be in kind) is less than fair market value.	No	No. (There may, however, be circumstances in which establishing the property's environmental status prior to granting the easement is important; please consult the Real Estate Office.)	No.	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.	No, unless the property (i) is for campus use and (ii) is not within a BOR-approved master plan or has a total cost or monetary value in excess of the institution's BOR contract approval threshold. Bequests and endowments require approval by the VC for External Relations; current purpose gifts, by the Exec. Dir. of Real Estate.	No <i>[May not review any matter not specifically described in 19 TAC §17.10 and specifically may not review all gifts and grants of improved real property 19 TAC §17.11(9)]</i>	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.