

**REAL ESTATE DECISION-MAKING CHECKLIST
FOR RELIGIOUS INSTITUTES**

I. IDENTIFY THE NEEDS AND GOALS OF THE RELIGIOUS INSTITUTE (RI)

- A. Unable to manage real estate
- B. Additional cash flow required
 - 1. How much income does the RI require (total)?
 - 2. Purposes:
 - a) General maintenance support for the RI
 - b) Increasing healthcare requirements
 - c) Other (describe): _____
 - 3. Is cash flow requirement expected to decrease (RI is shrinking)?
 - 4. Is cash flow requirement for indefinite term (RI is growing)?
 - 5. Are there other, non-real estate, revenue sources (quantify)?
- C. In-place care of aging RI members
- D. Continue Mission
- E. Preservation requirement based on RI Mission Statement
- F. Other (describe): _____

Engage a Professional if:

- **needs of the RI have not been identified / quantified**
- **financial advice is not readily available**

II. INVENTORY THE REAL ESTATE ASSETS OF THE RI

(for each, provide Parcel # / Size / Attributes / Estimated Value / Needed Repairs)

- A. Residential
 - 1. Single family (including convent or rectory)
 - 2. Multifamily (apartments, condos)
- B. Administrative
 - 1. Office Building
 - 2. Warehouse
- C. Educational (school)
- D. Other

Engage a Professional if:

- **RI lacks staff/expertise to inventory assets, estimate value**
- **RI is not able to identify/quantify needed repairs**

III. EVALUATE MARKET CONDITIONS

- A. Has a real estate developer contacted you?
- B. Are there obvious needs/desires of the local community?
- C. Is it, in general, a "buyers' market" or "sellers' market"?
- D. Are there unique attributes of the RI real estate (such as location, size, zoning, growth trends in the area, property condition)?
- E. Identify positive and negative attributes of the market affecting a potential sale

Engage a Professional if:

- **RI is unable to identify market conditions**
- **a potential transaction presents itself**
- **RI is unable to determine "highest and best use" of the assets**

IV. DETERMINE THE RI'S STRATEGY

- A. Sale of some or all real estate assets
 - 1. Type of sale (straight sale, lease/purchase, third party financing)
 - 2. Desired terms (sale price, timing, contingencies)
- B. Lease of some or all real estate assets
 - 1. Type of lease (building or ground lease)
 - 2. Desired terms (length, rental rate, triple net or gross, sale option)
- C. Restrictions and covenants
 - 1. Restriction on future development of a portion of the real estate
 - 2. Life estate for RI members
- D. Subdivision / Condominium
 - 1. Partial sale/lease
 - 2. Maintains the RI's existing operations
- E. Repairs or improvements necessary to sell/lease real estate assets
- F. Whether to involve local government in strategy
- G. Tax considerations
 - 1. Unrelated business income
 - 2. Transfer tax
 - 3. Potential impact on tax exemption
- H. Government, lender or hierarchical approvals required?

Engage a Professional if:

- **area is not experiencing growth**
- **developer/buyer/tenant does not readily present itself**
- **repairs cannot be made by the RI members and existing staff**
- **tax implications are not clear**
- **canon law is implicated in the decision-making process**

V. SELECTING REAL ESTATE PROFESSIONAL(S)

- A. Real Estate Broker
 - 1. Works on commission basis, gets paid only if sale/lease occurs
 - 2. May not have expertise or knowledge about all market conditions affecting the RI's real estate
 - 3. Most effective in carrying out directed disposition strategy
- B. Real Estate Advisor
 - 1. Paid on either hourly or commission basis
 - 2. Should have expertise and knowledge of local and broader geographical area, market needs, potential developers, buyers, tenants
 - 3. Cost effective in identifying market conditions
- C. Financial Advisor
 - 1. Paid on either hourly or commission basis
 - 2. Expertise in quantifying identified needs of the RI, cash flow projections, other financial aspects
 - 3. Most effective in structuring transactions
- D. Real Estate Attorney
 - 1. Paid on hourly basis
 - 2. Fiduciary and ethical obligation to represent the RI's best interests
 - 3. Most effective in assisting with the development of strategy and in drafting/negotiating terms of transactions