

**REAL ESTATE SALES**

I. Purpose

Board Policy 300.2 addresses sales of real estate held by the Board of Trustees. This UASP prescribes additional processes and requirements for real estate sales, as authorized by Board Policy 300.2. For the purpose of this UASP and Board Policy 300.2, a reference to sale of real estate means a transaction that transfers any interest in real property held by the Board (including fixtures, standing timber, minerals, oil or gas), but does not include leases or other conveyances that transfer only a possessory interest.

II. Process

- A. Notify System Office. Before offering real estate for sale the campus, unit or division (campus) shall provide the President and the General Counsel with written notice of the campus' intent to sell real estate. The notice shall explain the need to sell the property, identify the property, describe the present use of the property, state the estimated value of the property, describe whether the property was acquired by donation or purchase, and describe any known restrictions or conditions that would apply to sale of the property. The campus shall provide the General Counsel's office with all additional information and records that may be required to identify deed restrictions and other legal issues. The information required may include, for example, copies of deeds, gift agreements and surveys, and information necessary to determine whether the property was purchased or improved with tax-exempt financing.
- B. Appraisal. If the General Counsel's Office does not identify impediments to sale of the property, the campus shall obtain at least one appraisal of the property by a licensed appraiser qualified by experience to appraise the particular property. For example, an appraiser with experience only in residential real estate should not be engaged to appraise commercial real estate.
- C. Notice of Sale. After obtaining at least one appraisal the campus shall notify the public of the campus' intent to sell the property if the property has an estimated value in excess of \$1,000,000. The notice shall include a description of the property, including the property address (if any), and any proposed terms for the sale. Distribution of the notice should be designed to alert potential buyers that the property is available for sale. At a minimum the notice shall be published on the campus website for at least 30 days, and shall be published at least once in a newspaper, either in the county in which the property is located or, if a county newspaper does not exist, in a newspaper of statewide circulation.

- D. Sale Method. Real estate should be sold through a negotiated sale in order to achieve the best value for the University. Where appropriate under the circumstances relevant to the particular property, a campus may employ a public sale method utilizing sealed bids, subject to either a minimum price, a reservation of the right to reject all bids, or both.
- E. Real Estate Professionals. The campus may offer the property for sale through a licensed real estate agent or agency under a contract procured pursuant to applicable law, and approved in advance by the Board of Trustees.
- F. Sale Terms. Real estate should be sold for cash and for no less than appraised value. Circumstances unique to the campus or the property may justify a sale for less than the amount reflected in an appraisal. The campus must be prepared to justify to the Board of Trustees any proposal to sell real estate for less than the amount reflected in the appraisal. As required by Arkansas law, the Board of Trustees must retain a one-half interest in all oil, gas and mineral rights.<sup>1</sup>
- G. Closing. The campus is responsible for arranging and attending closing. The deed and any closing documents must be reviewed and approved by the General Counsel's office in advance of closing. Deeds are signed by the Board Chair and the Board Secretary or the Board Assistant Secretary.

### III. Approval

- A. Contracts. Contracts to sell real estate shall be made in the name of the Board of Trustees of the University of Arkansas, shall be conditioned upon approval of the Board of Trustees, and may be signed only in accordance with delegations of authority consistent with Board Policy 300.1 and UASP 300.1.
- B. Board Approval. Each proposal to sell real estate shall be presented to the Board for review and approval and shall include at a minimum information addressing the appraised value of the property, the proposed terms of sale, the reason for the sale, and any other material that would assist the Board in understanding the property, its current use and condition, and its value. A proposal to sell real estate must be submitted for consideration at a regularly scheduled meeting of the Board of Trustees; in exigent circumstances the President may grant a waiver of this requirement.

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<sup>1</sup> Ark. Code Ann. § 22-6-113.

IV. Post-Sale Process

- A. Notice of Commissioner of State Lands. After the sale is closed the campus shall provide copies of the deed and closing documents to the Office of General Counsel and shall forward a copy of the deed to the Commissioner of State Lands.<sup>2</sup>
- B. Notice to Arkansas Legislative Council. After the sale is closed, the campus shall submit a report of the sale to Arkansas Legislative Council. The report must include the parties to the sale, the date of the sale, the location of the property and the compensation received.<sup>3</sup> The report to Legislative Council is due 30 days after the calendar quarter in which the sale occurs.

September 17, 2021

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<sup>2</sup> See Ark. Code Ann. § 22-5-411.

<sup>3</sup> See Ark. Code Ann. § 22-6-117.