



Responsible Department: Controller's Office
Recommended By: SVC Business and
Financial Affairs
Approved By: Chancellor

Policy Number
FINA 2.20.090

Effective Date
TBD

I. INTRODUCTION

The purpose of this policy is to establish management over the valuation of certain types of real estate investments owned directly by the University of Denver.

II. POLICY OVERVIEW

The University's endowment fund may directly own real estate and the University's general fund may also own investment real estate. This policy covers these types of real estate investments, including those owned by the University for investment purposes. This policy is adopted for administrative and operational purposes and is the responsibility of the Business and Financial Affairs Division.

III. PROCESS/PROCEDURE OVERVIEW

The University's real estate investments are valued initially at its cost, however are valued at "Fair Market Value" for reporting purposes, thereafter. "Fair Market Value" can be determined by 1) obtaining a qualified external appraisal or 2) developing an internal valuation based on third party surrounding market data of all directly-owned real estate. Valuations may be determined by using various approaches (see definitions below).

- An external appraiser may be selected by the University's Facilities Management and Planning department.
- An internal appraisal may be developed by the University's Facilities Management and Planning department using relevant, comparable third-party real estate valuations in the surrounding area.
- Each directly-owned real estate investment property will be appraised, externally or internally, at least every five (5) years, unless a deferral is warranted.
- Appraisals will typically be developed in the spring to meet June 30 valuation deadlines.

Appraisals may be deferred in some instances:

- Deferrals may be warranted if determined in consultation between Facilities Management and Planning department and a real estate appraiser noting market conditions and documenting conclusions.
- Deferrals should not be approved for two consecutive required appraisal cycles (every 5 years)

IV. DEFINITIONS

Fair Market Value – is an exchange price a willing buyer will pay to a willing seller. Fair market value is developed by utilizing a licensed appraiser, or third-party market data, to provide an opinion of value by performing and delivering a qualified appraisal that reconciles said value using a cost, sales comparison or income capitalization approach to reach a fair market price.

| Revision Effective Date | Purpose |
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