1. **Purpose**

The purpose of this policy is to provide guidance pertaining to real property transactions, which the NCCU Board of Trustees has been delegated authority. This policy is implemented in accordance with North Carolina General Statutes 116-36, 116-31.12, UNC Policies 600.1.4 [R] and 600.1.3.1.

2. **Scope**

This policy applies to all real property transactions at North Carolina Central University.

3. **Real Property Transactions less than $5000 Annually**

3.1 Lessor: North Carolina Central University and term is three years or less

3.1.1 A lease must be prepared by lessor or lessee. Facilities Management must review lease if prepared by lessee.

3.1.2 All leases must be reviewed and approved by Legal Affairs.

3.1.3 All leases must be approved by the Chancellor. The Chancellor will sign two original leases.

3.1.4 Legal Affairs will provide the campus department the two signed leases.

3.1.5 The department is responsible for obtaining fully executed leases from the lessee.

3.1.6 If applicable, Facilities Management sends an invoice to the lessee when a payment is due.

3.1.7 When a payment is received, the check is deposited in the appropriate account.
3.2 Lessor: Third Party Entity and North Carolina Central University is the lessee. Term is three years or less. The lease originates with North Carolina Central University.

3.2.1 Facilities Management must draft lease.

3.2.2 Legal Affairs must review and approve lease.

3.2.3 The Chancellor must approve and sign two originals of the lease.

3.2.4 Legal Affairs provides leases to lessor to get a fully executed lease.

3.2.5 The fully executed lease is sent to Facilities Management.

3.2.6 Facilities Management requires the funding source for the PO1 form.

3.2.7 A copy of the lease is forwarded to the State Property Office.

3.2.8 The State Property Office assigns the lease a lease number, writes the number on the document, and enters the lease in the Lease Log.

3.2.9 The lease is copied and returned to Facilities Management, where a copy is filed, the original is returned to the leasing department.

3.2.10 The department copies the lease and files the copy, sending the original to the lessor to be signed.

3.2.11 When a payment is due, if an invoice is received, Facilities Management writes the lease number on the invoice, and sends it to Accounts Payable for processing.

3.3 Lessor: Third Party Entity and North Carolina Central University is the lessee. The lease is provided by the State Property Office.

3.3.1 The department prepares and submits the following documents for leased space requisition to the Associate Vice Chancellor – Facilities Management:

3.3.1.1 PO-27 Lease Specifications

3.3.1.2 Organizational chart showing job titles and number of personnel

3.3.1.3 If applicable, justification statements for special equipment space needs

3.3.1.4 The department must ensure that funds are available prior to submission.

3.3.1.5 The lease will be advertised and bid by the State Property Office.

3.3.1.6 Once the bids are received, the State Property Office, the Associate Vice Chancellor – Facilities Management and requesting department will inspect and review the bidding properties.

3.3.1.7 The Associate Vice Chancellor – Facilities Management will submit a recommendation for the lease to the State Property Office based on the review process above.

3.3.1.8 The State Property Office will coordinate the drafting/execution of the lease.

3.3.1.9 The State Property Office assigns the lease a lease number, writes the number on the document, and enters the lease in the Lease Log.

3.3.1.10 The lease is copied and returned to Facilities Management, where a copy is filed, the original is returned to the leasing department.
3.3.1.11 The department copies the lease and files the copy, sending the original to the lessor to be signed.

3.3.1.12 When a payment is due, if an invoice is received, Facilities Management writes the lease number on the invoice, and sends it to Accounts Payable for processing.

4. **Land Transactions**

4.1 Land Purchases (Non Lease)

4.1.1 Any interest in land other than a lease - must be approved by the Board of Governors, the Department of Administration, the Governor, and the Council of State. The instrument is executed by the Governor.

4.2 Leases

4.2.1 Any lease for $25,000 or more annual rental (irrespective of duration) - must be approved by the Board of Governors, the Department of Administration, the Governor, and the Council of State. The instrument is executed by the Governor.

4.2.2 Any lease for $12,001 to $24,999 annual rental (irrespective of duration) - must be approved by the Department of Administration, the Governor and the Council of State. The instrument is executed by the Governor.

4.2.3 Any lease for $5,001 to $12,000 annual rental if for more than three years duration (including renewals) - must be approved by the Department of Administration, the Governor, and the Council of State. The instrument is executed by the Governor.

4.2.4 Any lease for $5,001 to $12,000 annual rental and if not more than three years duration (including renewals) - must be approved by the Department of Administration. The instrument is executed by the State Property Office.

4.2.5 Any lease for not more than $5,000 annual rental if for more than three years duration (including renewals) - must be approved by the Department of Administration, the Governor, and the Council of State. The instrument is executed by the Governor.

4.2.6 Any lease for more than $5,000 annual rental and if not more than three years duration (including renewals) - may be executed by the President without prior approval form any agency outside General Administration.

5. **Required Clearances for Real Property Transactions**

5.1 The process by which real property transactions are to be approved for execution can be extensive and complicated. Some clearances are established by State statute, others by State regulation, and still others by procedures of the Board of Governors. The attached chart combines the various clearances in a manner intended to make apparent the required process for undertaking each category of real property transaction.

5.2 In addition to the information set forth on the chart, the following procedures apply:

5.2.1 All real property transactions that require approval beyond the campus level are to be initiated by submission of the Form PO-1 for acquisitions and the Form PO-2 for dispositions to the State Property Office.

5.2.2 Leases not exceeding $12,000 annual rental or three years in term (including renewal) may be undertaken, subject to any required clearances, without the necessity of advertising for the required premises.
5.2.3 Institutions may not lease premises from a non-state agency without first determining that there are no state-owned or state-leased premises that would be suitable for the need; institutions may not lease premises to a non-state agency without first determining that no other state agency needs to lease those premises.

5.2.4 All real property instruments are to be entered into in the name of the State of North Carolina, not the constituent institution, regardless of whether signed by the Governor, the chancellor, or some other official.

5.2.5 Copies of all real property instruments must be filed with the Department of Administration. Every six months the institution is to make a report to the Department of Administration on the status of all leases. The procedure for this report is prescribed by the Department of Administration.

5.2.6 No permanent improvements on leased premises may be made without the prior approval of the Department of Administration.

5.2.7 These procedures pertain to real property transactions of the constituent institutions, but they do not govern transactions with non-state agencies by the Board of Trustees of the Endowment Fund of the institution, organized pursuant to N.C.G.S. § 116-36.