

and other normal business transactions are signed and executed by the officers, so will the leases.

Generally, foundations own and operate all property leasehold interests that they may acquire. However, it is not unusual nor improbable for a foundation to contract with a for-profit independent agency to manage certain foundation property. For example, a foundation may contract with a real estate management company to manage foundation rental property. The foundation would receive as rental income that portion of the rents after expenses and the management fee were deducted.

As stated earlier, a foundation has the power to borrow money and pledge its assets to secure that loan. The foundation, as a borrower, has certain advantages that other corporate or individual borrowers do not have. Because of its tax-exempt status, a lender knows that he will not be in danger of taking a back seat to a government lien for taxes. Because the foundation is tax-exempt, the lender knows that his debtor cannot dissipate its assets, and the lender's security, through large dividends or excessive salaries.