



---

**Policy 9H: Purchasing Land or Conservation Easements**  
***Standard 9H, 2021 Land Trust Alliance Standards and Practices***  
***2021 Accreditation Requirements Manual***

Board Approved: March 17, 2017  
Board Revision Approved: April 12, 2022

---

**PURPOSE:**

The Upper Peninsula Land Conservancy acquires land and interests in real property through donations, purchases, and fundraising campaigns. New purchases of Preserves, Reserves, or Conservation Easements and/or additions to those interests shall be made following the policy outlined below. This policy is intended to act as a guideline for staff and is applicable to the purchasing of land or conservation easements.

This policy outlines requirements for accompanying procedures, so that they align with *Land Trust Alliance Standard 9H: Purchasing Land or Conservation Easements*

1. *When buying land, conservation easements or other real property interests, obtain an independent appraisal by a qualified appraiser in advance of closing to support the purchase price*
  - a. *However, a letter of opinion from a qualified real estate professional may be obtained in the limited circumstances when:*
    - i. *A property has a very low economic value*
    - ii. *A full appraisal is not feasible before a public auction*
    - iii. *Or the amount paid is significantly below market value*
2. *In limited circumstances where acquiring land, conservation easements or other real property interests above the appraised value is warranted, contemporaneously document:*
  - a. *The justification for the purchase price*
  - b. *That there is no private inurement or impermissible private benefit*

**INTRODUCTION**

Ethical standards need to govern purchasing new land or conservation easements and every dollar donated needs to be used with prudence.





## **POLICY**

### ***Summary:***

It is the policy of the Upper Peninsula Land Conservancy to obtain an independent appraisal by a qualified appraiser in advance of closing to support the purchase price when buying land, conservation easements or other real property interests.

1. Justify Price
  2. Full Appraisals
  3. Other Value Analyses
  4. More than Appraised Value
  5. Less than Appraised Value
  6. When to Obtain Appraisal
1. **It is Important to Justify Price.** Upper Peninsula Land Conservancy must be able to justify the price paid for land and easements for the following reasons: to show fiscal responsibility; to avoid private inurement or excess private benefit; to substantiate prices paid in a changing market; to avoid inflating market value; to avoid losing money on resale; and to be prepared in the event of a condemnation action.
2. **Full Appraisals** - The surest way to justify price is to obtain a Full Appraisal Report from an experienced appraiser, licensed by the State of Michigan and currently doing business in the area where the land to be acquired is located, and if a conservation easement is involved, with experience and IRS-qualified training in conservation easement appraisal. When it obtains an appraisal, Upper Peninsula Land Conservancy will follow its Tax Benefits and Appraisals Policy (10ABC).
3. **Other Value Analyses** - There are limited circumstances when a value analysis short of a Full Appraisal Report, such as a letter opinion or preliminary report from a licensed appraiser or licensed real estate professional, may be appropriate. Examples include when the land to be acquired is of very low economic value, if Upper Peninsula Land Conservancy is under time pressure due to a need to bid at a public auction, or the project is not close to completion, or the amount paid is significantly below market value.
4. **Paying More than Appraised Value** - Upper Peninsula Land Conservancy should only consider paying more than the appraised value for land in very rare cases. In that event, Upper Peninsula Land Conservancy shall obtain qualified legal advice and carefully weigh the public benefit against the risk of private inurement or benefit and the potential





for risk to Upper Peninsula Land Conservancy's credibility. Should Upper Peninsula Land Conservancy decide to pay more than the appraised value for land it shall thoroughly and contemporaneously document:

- a. The justification for the purchase price
- b. That there is no private inurement or impermissible private benefit

5. **Paying Less than Appraised Value** - When negotiating any bargain sale transaction Upper Peninsula Land Conservancy will take care to be honest and forthright in its communications with the landowner/seller/donor.

6. **When to Obtain a Full Appraisal Early in the Process** - The following examples provide some guidance on when to obtain the full appraisal early in the process.

- A. When it is more likely than not that the project will reach completion.
- B. When the project is of sufficient size and cost to justify calling in an appraiser, early in the process, to aid Upper Peninsula Land Conservancy in its negotiations.
- C. When the issues are complex enough that simpler valuation methods will not be useful for early project steps.
- D. When the Upper Peninsula Land Conservancy is working with a public agency that requires an appraisal to act and will accept an appraisal report ordered by Upper Peninsula Land Conservancy.

## **WHO**

Staff will bring proposed new purchases to the Stewardship Committee for vetting and upon approval of the Stewardship Committee, new purchases require a vote by the full Board of Directors.

## **REVISIONS**

This policy should be reviewed by the *Stewardship Committee* on an as-needed basis. Any amendments must be approved by vote of the Board of Directors and will require a supermajority to be changed.

This policy may be amended or repealed, and new related policies may be adopted, from time to time by the Board of Directors of the UPLC (Board), except that no change in the policies will affect obligations accepted by UPLC for funds or properties donated prior to the change, unless such change is approved in writing by the donor or donors of such properties, interests, or funds.





The Board may make reasonable exceptions to the policy in particular cases by Board vote with simple majority and will document the reasons accordingly in the minutes of the meeting where the decision was made. Copies will be placed within the appropriate files in accordance with Recordkeeping policies.