

LAND ACQUISITION PROCEDURES FOR LAND ACQUIRED UNDER THE LESSARD-SAMS CONSERVATION PARTNERS LEGACY GRANTS BUT NOT CONVEYED TO THE DNR

The following procedures apply when purchasing real property or an interest in real property (e.g., easement) with funds available under the Lessard-Sams funding, and the plan is to retain ownership in a governmental entity other than the DNR or to retain ownership in a private entity. (See separate document if the DNR will own the property.)

1. Appraisal and Appraisal review

- a. For all entities, the appraisal prepared for the property must be reviewed under established procedures. A copy of the appraisal and appraisal review must be provided to the DNR. The appraiser must be on the DNR appraiser list: https://files.dnr.state.mn.us/lands_minerals/appraisal_mgmt/dnr_appraisers.pdf. Please advise the appraiser as to the following:
 - i. The DNR must be named as an intended user in the appraisal.
 - ii. The appraisal must be prepared in conformity with the guidelines titled "Uniform Standards of Professional Appraisal Practice" and "Minnesota DNR Supplemental Appraisal and Appraisal Review Guidelines (1/1/2016)". A copy of the new DNR Guidelines can be found at the following location: http://www.dnr.state.mn.us/lands_minerals/appraisal_mgmt.html .
 - iii. In order to ensure compliance with the applicable appraisal standards, your written assignment instructions to the appraiser must be included as an addendum of the appraisal report.
 - iv. The Sales Comparison Approach shall include comparables that are both inferior and superior to the subject property.
- b. An appraisal review must be completed by an appraiser on the DNR Appraiser List: https://files.dnr.state.mn.us/lands_minerals/appraisal_mgmt/dnr_appraisers.pdf

If the value is less than \$100,000, a summary appraisal report is acceptable.

2. Landowner information

- a. The grant recipient must be working with a willing seller and the landowner must be made aware of the fact that the grant recipient intends to either retain ownership or convey the real property or interest in property to a governmental entity.
- b. The grant recipient must disclose their appraised value to the landowner prior to making the offer to purchase the property.

3. Legal description/Marketable title

- a. The grant recipient must have a recordable legal description for the property being acquired. The grant recipient must have the property surveyed if it is needed in order to have a recordable legal description. If a survey is needed, the grant recipient must obtain a survey from a Minnesota licensed surveyor.

- b. The grant recipient must obtain marketable title. The grant recipient must provide a copy of an attorney's title opinion. A grant recipient may contact the DNR to determine if a title commitment for an owner's policy of title insurance would be acceptable.
4. Reporting requirements and deed restrictions
- a. The grant recipient must comply with the project requirements and reporting requirements specified in Laws of 2009, Chapter 172, Article 1, Section 2, subdivisions 10 and 15.
 - b. The grant recipient must comply with the land acquisition restrictions and deed restriction notice requirements specified in Laws of 2009, Chapter 172, Article 1, Section 2, subdivision 14.
5. Conditions for payments of eligible costs
- a. For a governmental entity, before the DNR will reimburse the grant recipient for any purchase of property, the DNR must receive a copy of the appraisal and the appraisal review.
 - b. For a non-governmental entity, if the grant recipient purchases the property before the DNR accepts the appraisal, and the DNR rejects the appraisal or finds that the value of the property is lower than what was paid, the grant recipient will not be reimbursed for the value of the property or the difference in value.
 - c. If the title is not marketable, the grant recipient will not be reimbursed for any of its costs.
 - d. The grant recipient will not be entitled to use funds under the grant to pay the landowner in excess of 110% of the appraised value.
 - e. The grant recipient must disclose the amount they paid to the landowner for the property.
 - f. All eligible costs must be documented.
6. Eligible costs
Eligible costs are the following:
- a. The value the grant recipient paid for the property, subject to the above-described conditions,
 - b. Appraisals and reviews,
 - c. Surveys,
 - d. Loan costs for holding the property,
 - e. Property taxes paid by the grant recipient from the date of its acquisition,
 - f. Attorney fees for the specific acquisition,
 - g. Staff time spent on the specific acquisition,
 - h. Abstracting and recording fees, and
 - i. Penalty payments made for prepayment of a mortgage or loan.