

## **CHEBEAGUE & CUMBERLAND LAND TRUST**

### **Policy on the Receipt, Ownership, Sale and Transfer of Marketable Assets**

#### **1. Introduction**

This policy must be read together with the CCLT Conservation Easement Policies and Conflict of Interest Policy. In the case of conflict, these policies, being more specific, shall prevail.

From time to time, the Chebeague & Cumberland Land Trust (“CCLT” or the “Land Trust”) may receive, by charitable gift, by bequest, or by purchase through a bargain sale, real property, personal property, or financial instruments, such as securities or mutual funds. The Board of Directors has adopted this policy statement to guide decisions on the receipt, holding, transfer and sale of such marketable assets by the Land Trust.

1. CCLT welcomes gifts of land or other marketable property which can be used, managed or sold by the organization to further its non-profit conservation mission when consistent with the following guidelines.
2. The intent of the donor should be clearly communicated to the Land Trust in writing, including, if applicable, the specific program or project the donor wishes to benefit from the gift of property (it being understood that in general, the Land Trust prefers to receive unrestricted property available to support all aspects of its mission.) Options the Land Trust may choose for the management, sale or transfer of donated marketable assets, and how the proceeds will further the donor’s charitable intent, should be disclosed and discussed with the donor in advance of the gift, if possible. In some cases, a written donation agreement may be appropriate. In the absence of donor stipulation to the contrary, donors shall be advised that their gift is being received on the understanding that their interest is to provide general purpose support for the work of the Land Trust and that the use of the gift (or proceeds of sale thereof) shall be unrestricted. No restricted gifts of real or personal property shall be accepted without the prior approval of the Board of Directors or the Executive Committee thereof.
3. Any asset offered for donation or sale to the Land Trust will be carefully evaluated, using outside professional advisors where appropriate, to ensure that it is in a useable, safe and marketable condition at the time of the transfer. Consideration will be given to the level of staff work required, potential liability of ownership and other issues related to accepting, managing and liquidating a donated asset, relative to its value to the organization.
4. Donations of corporate securities, bonds, mutual funds or other financial instruments may be sold upon receipt, and the proceeds of sale transferred to the appropriate Land Trust account to fulfill the donor’s intent. It is the policy of the Land Trust to hold and manage a diversified portfolio of securities and financial instruments, under the supervision of the Investment Committee and working with professional

investment advisors, and not to hold and manage individual financial instruments that may be donated. Exceptions to this approach (such as a restricted gift from a donor) must be approved by the Investment Committee.

5. Donations of vehicles, equipment, art or other personal property will be evaluated for their usefulness to the Land Trust. Gifts of vehicles or equipment may be accepted only if in a safe condition. If no practical and beneficial use for donated personal property is apparent, it may be sold and the proceeds used in accord with the donor's intent.
6. Real property (land) gifts will not be accepted until a thorough due diligence review (e.g. preliminary title report, surveys, environmental hazards assessment, building inspection reports, land use permits and other appropriate documents) shows that the donor has clear, marketable title to the land, and that there are no outstanding easement, legal, land use or environmental issues or conditions that would cause problems or potential liability for CCLT.

A "Phase I" environmental hazards assessment must be provided or prepared, unless the Board of Directors agrees to waive this requirement for a particular property. A gift of property will not be accepted if it is deemed to have undue risk of injury or liability, or unreasonable holding, management, tax and transfer expenses to the Land Trust relative to the potential benefit of receiving the gift.

For real property gifts, the Land Trust may purchase title insurance following a full title search. To reduce acquisition expenses, the Board of Directors is authorized to waive this requirement for title insurance if financial risk/exposure to CCLT is minimal or the ownership period for CCLT is anticipated to be short-term.

7. When real property is donated, or is purchased with the intent of transfer or resale to a private party or public agency, CCLT will first evaluate whether significant conservation values (i.e. agricultural, wildlife habitat, scenic, historic resources) exist on the property, using the Land Trust's project selection criteria. In cases where a property has high conservation value, it should be considered for long-term ownership by the Land Trust, provided that there is adequate capacity to own and manage it responsibly, or be transferable to another qualified conservation agency. In some cases, the conservation values of donated land may be protected with a conservation easement on all or part of the property, with the easement granted either before or at the time the property is transferred to another owner.
8. If the land trust transfers or exchanges conservation land or easements, the land trust should consider whether the new holder can fulfill the long-term stewardship and enforcement responsibilities, ensure that the transaction does not result in a net loss of important conservation values and, for donated properties, ensure that the transfer is in keeping with the donor's intent. If transferring to a party other than another nonprofit organization or public agency, the land trust should consider the transfer based on a qualified independent appraisal (or letter of opinion when the property has

a very low economic value) in order to prevent private inurement or impermissible private benefit. (Standard 9L)

9. The Land Trust may also receive real property with less significant conservation value, in which case the property may be sold to generate funds to support Land Trust programs or projects. The decision to hold, sell or transfer any real property will be made by the Board of Directors. If possible, this action will be made clear at the time of the transaction so that the intentions of both the donor and the land trust are transparent. In making any disposition of land, CCLT shall be mindful of the importance of avoiding any perception that it is facilitating the development of undeveloped land, or otherwise acting in a way inconsistent with its mission. (Standard 8L)
10. Careful consideration will be given to the staff and volunteer time commitment and direct management costs associated with receiving and managing real property until its appropriate disposition is completed. Real or personal property accepted for donation will be reported to the Land Trust liability insurance carrier to insure appropriate insurance coverage during the period of Land Trust ownership. If CCLT retains ownership of the land and makes it available for public use/access as a preserve, a long-term management plan will be developed in accordance with current Land Trust Alliance Standards & Practices. If the property is approved for transfer or resale to a private party or public agency, an interim management guidance document will be prepared to cover the more limited period of ownership by CCLT.
11. For any asset being sold to a private buyer, the Land Trust will seek to receive the full fair market value of the asset. Professional advisors, such as attorneys, appraisers, land planners and real estate brokers, should be consulted as appropriate to determine the best strategy to achieve the full market value. Donated land that is being sold or transferred to a private party should be priced for sale based on an appraisal report from a qualified real estate appraiser.
12. Assets may be sold to a member of the Land Trust staff, or Board of Directors, or a member of their immediate family, only in compliance with the CCLT Conflict of Interest Policy adopted December 9, 2009. Once a staff or board member states an interest in purchasing an asset, they shall recuse him or her self from any discussion or participation in the Land Trust's disposition process for that asset and any other asset that has a financial connection to that asset. Such assets will be offered on the open market before sale to any Land Trust insider.
13. The Board of Directors must approve the disposition of: (a) any real property; (b) any personal property; and (c) any property being sold to a member of the Land Trust staff or Board of Directors. The Board of Directors will consider whether a general public offering or the use of a broker is appropriate for the sale of a particular asset.
14. The Board of Directors will consult with the Land Trust's accountant and attorney to ensure that the acceptance and disposition of any donated asset fully complies with federal and state tax laws, including requirements for the donor to have an

independent appraisal to determine the value of certain donations, the Land Trust's obligation to review the appraisal, and the requirements of filing IRS forms 8283 (Non-Cash Charitable Contributions) and 8282 (Sale, Exchange, or Other Disposition of Donated Property).

15. This policy is based, in part, on existing requirements of: the IRS Code, the Land Trust Alliance's "Land Trust Standards and Practices" (adopted by CCLT on June 12, 2007), the laws of the State of Maine, and the Trust's bylaws. Therefore, possible changes to this policy should be examined in light of other existing requirements.

Date: June 7, 2010

Certified by:

  
Kerry McCormack, Secretary