

## CHEBEAGUE & CUMBERLAND LAND TRUST Purchasing Land Policy

When the land trust buys land, easements or other real property, it will obtain a qualified independent appraisal to justify the purchase price. A land trust must be able to justify the price paid for land and easements for several 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. The surest way to justify the acquisition price is to obtain a qualified independent appraisal.

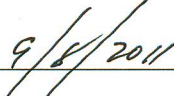
However, the land trust may choose to obtain a letter of opinion from a qualified real estate professional in the limited circumstances when a property has a very low economic value (such as a wetland or other property with limited development potential) or a full appraisal is not feasible before a public auction.

In limited circumstances where acquiring above the appraised value is warranted, the land trust will seek legal advice and carefully weigh the public benefit, risk of private inurement or private benefit and risk to its credibility. If the land trust does decide to proceed, it should justify the purchase price by thoroughly documenting the property's unique value, its worth to the land trust and the public interest the property serves. In addition, the Land Trust will document that there is no private inurement or impermissible private benefit.

If negotiating for a purchase below the appraised value (such as a bargain sale transaction), the land trust ensures that its communications with the landowner are honest and forthright.

Certified by:

  
\_\_\_\_\_  
Kerry McCormack, Secretary

  
\_\_\_\_\_  
Date