

Standard 9: Ensuring Sound Transactions

Purchasing Land or Easements Policy

In instances where a conservation easement is being purchased the organization requires a conservation easement certified appraisal as per IRS requirements for conservation easement donations.

If negotiating for a purchase price below the appraised value, UOL ensures that its communications with the landowner fully disclose that the transaction is a bargain sale and in some instances may have a landowner sign a Justification of Value letter acknowledging their willingness to sell below fair market value.

UOL 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; 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, there are some limited circumstances when a letter of opinion from an appraiser is adequate. provided board approval is obtained.

When negotiating bargain sale transactions, UOL takes care to be honest and forthright in its communications with the landowner.