



## **LAND EXCHANGES AND SALES: A GUIDE TO PROPERTY TRANSACTIONS WITH THE MICHIGAN DEPARTMENT OF NATURAL RESOURCES**

*This information is provided by authority of Part 21 of Act 451, P.A. 1994, as amended.*

The Michigan Department of Natural Resources (DNR) manages State-owned land acquired through tax reversions, purchases, gifts, and grants. Most of these properties are dedicated as state forests, state parks and recreation areas, water access sites and wildlife areas for use and enjoyment by the public, and are not available for exclusive private use or for sale.

Some properties, however, may be available for sale or exchange by the State. These properties, due to their location, size, or changes in land use in the area, may no longer be viable properties for the State to own. The DNR will consider selling or exchanging such lands if the transaction enhances the management of natural resources or provides other public benefit. The objective of the State in making these exchanges or sales is to increase operating efficiency, increase opportunities for natural resource management, consolidate current land holdings and provide access to them.

In general, the land exchange, sale and auction process described here is usually initiated by citizens seeking to acquire land within a particular dedicated area. Tax Foreclosed properties are regularly auctioned by the Michigan Department of Treasury. For further information regarding the purchase of tax foreclosed properties contact Foreclosure Services Section at 517-335-3113.

Properties that went through tax foreclosure prior to the year 2000, and still remain with the State can be purchased through the Department of Labor and Economic Growth. Contact the Michigan Land Bank Fast Track Authority at 517-335-7810 for information regarding these parcels.

### ***Under what conditions would the DNR consider selling or exchanging land within a dedicated area?***

The DNR may determine that certain dedicated and/or isolated properties do not enhance the management of the State's lands and are considered available for release. These properties may be available for purchase or exchange. Also, changes in land use, such as the construction of a public highway, may make some parcels less desirable for the State to continue to own.

In addition, the DNR is authorized to conduct real estate exchanges provided that, from a resource perspective, the private lands offered to the State for exchange are equal to or better than the State lands desired by the applicant. In addition, the lands offered should have approximately equal or greater value based on appraisal than the fair market value of the State lands released.

The DNR also is interested in acquiring privately-owned lands that will enhance the management of its dedicated properties. As an example, some properties owned by the State may have irregular boundary lines, or may have privately-owned, smaller parcels within or adjacent to the dedicated area. Transactions that bring together parcels of property to form contiguous boundary lines help enhance the management and use of the State's lands.

### ***How does this process differ from acquiring land under the Department's Land Consolidation Strategy?***

Properties identified for release under the Land Consolidation Strategy have already undergone Department review and have been approved for release. Property identified for release are first offered to Governmental agencies, then Alternate Conservation Owners, before being offered to the general public for exchange or purchase. Information on these properties can be found on the Department's website <http://www.michigan.gov/dnr>.

The following process outlined here is for Department lands not identified for release under the Consolidation Strategy.

### ***What is the process to acquire State land?***

Private individuals may acquire state-owned property through purchase or exchange. Purchases are usually done by auction through an advertised bid process. In certain instances, the DNR may sell land directly to an adjacent property owner. The following procedures also apply to requests for easements over State land or crossings of rail-to-trail corridors.

The process involves several steps:

1. An applicant submits an application for purchase or exchange. All information requested on the application form must be provided before a review will begin. An application fee, which helps cover some of the costs involved to review the proposal, must accompany the application. The fee is for processing the application only, and does not imply the purchase or exchange will be approved. A map, preferably from a plat book or subdivision map, which highlights the "desired" (and, for an exchange, the "offered") parcels should also be included. A survey description and drawing are useful, if the application involves a parcel with a detailed description.
2. Applications are screened to determine if they are in compliance with Department Land Exchange policy. If so, a field review is conducted. DNR staff reviews the request and visits the site. This review includes determining natural resource features and public recreation-use values, evaluating access and land management, and reviewing the location of the property and its relation to other protected lands. Results of the field review are forwarded to DNR Office of Land and Facilities, and then submitted to the DNR Land Exchange Review Committee (LERC) for consideration.
3. The LERC meets periodically (approximately bi-monthly) to review application proposals.
4. The applicant is notified, by letter, of the LERC recommendations. If the transaction received preliminary approval, the applicant is instructed on how to complete the transaction.
5. The property being conveyed to and/or from the State must then be appraised. The applicant/purchaser is responsible to pay for the appraisal. The applicant must pay for appraisals on all properties if the process involves a land exchange. Appraisals must be completed according to Department guidelines to be accepted. The Department reserves the right to reject any appraisal. For a list of approved

appraisers or appraisal guidelines, contact the Real Estate Services office shown on page 4. The DNR will conduct appraisals on property to be sold by the DNR. The Applicant may also be responsible for a land survey, if needed.

6. The DNR reviews the appraisal and, if approved, an exchange or sale agreement outlining the terms of the transaction is then sent to the applicant.
7. Public notice is conducted by posting details of the transaction in the DNR "Business Calendar," at <http://www.michigan.gov/dnr>, under "Publications" seven (7) days before Director approval/disapproval, which takes place during a Natural Resources Commission (NRC) meeting. Land exchanges/sales are also listed on the NRC agenda, which is publicly distributed prior to NRC meetings. There is opportunity for public comment at all NRC meetings. Notices of pending land sales are also published in newspapers in the county where properties are located prior to NRC meetings.
8. The Director's decision is sent to the applicant following the NRC meeting in which the transaction appeared on the agenda. Final instructions outlining the steps to complete the transaction are included.

### ***What are the costs involved?***

All applicants must pay an application fee (\$300 for parcels up to 320 acres, \$500 for parcels over 320 acres).

For exchanges, the applicant must provide the following:

- commitment of title insurance on the offered land;
- pay all taxes on the offered land in the year of closing;
- pay transfer tax and recording fee on the deed from the State to the applicant;
- pay any difference in the value of the State-owned land compared to that of the offered private land.

The applicant must satisfy all encumbrances and provide clear title to the offered land prior to closing.

The applicant will be required to pay for the appraisal, any survey that might be required, and an additional 10 percent of the fair market value of the State land to cover Department administrative expenses.

For purchase by auction, the applicant will need to pay only the bid price.

### ***Does the State retain any rights to the land?***

Yes, in some cases the State of Michigan may retain:

- Rights for ingress and egress to rivers, lakes and streams across any lands it conveys.
- Rights to any historical artifacts ("aboriginal antiquities") found on the property (such as Native American pottery).
- Mineral rights may be retained if they are under lease, when the land has unusual or sensitive environmental features, or when it is determined to be in the best interest of the State. For exchanges, minerals may be exchanged for equal value mineral rights on the property to be transferred to the State.

***When is the payment due to purchase the property?***

Payment is due within 45 days after the applicant is notified that the sale has been approved and receives an invoice from the Department.

***What kind of title is conveyed?***

Title to the property is conveyed with a quit claim deed. It is the responsibility of the applicant to obtain title insurance. The State does not issue a warranty deed.

***How long does the process take?***

Typically, it may take from 6 to 12 months from the time the application is received through completion of the review process. In some cases it may take longer, depending on the property, how it was acquired by the State, and other factors requiring detailed evaluation. For lands acquired with special funding sources, approval from the funding agency (such as the Michigan Natural Resources Trust Fund or the U.S. Fish and Wildlife Service) is required before property is released. This step lengthens the approval time.

***What does the State do with the money received from land sales?***

The proceeds from the sale of land go into the DNR's Land Exchange Facilitation Fund and are used to acquire additional lands as replacement for the properties sold. Proceeds from the sale of land originally acquired with funds from the Michigan Natural Resources Trust Fund goes back to that fund.

***Under what conditions are application fees refunded?***

Application fees are refunded to applicants where the sale was completed by auction and the applicant was not the highest bidder, or may be refunded if the parcel requested was found not to be owned by the Department.

***Where can I get an application or additional information?***

Land exchange or sale applications can be obtained from:

REAL ESTATE SERVICES  
OFFICE OF LAND AND FACILITIES  
MICHIGAN DEPARTMENT OF NATURAL RESOURCES  
PO BOX 30448  
LANSING MI 48909-7948

Telephone requests can be made to 517-241-3455, or online at <http://www.michigan.gov/dnr>.

***Who can I call to check on the progress of my application?***

Applicants may call the Michigan DNR, Office of Land and Facilities, Real Estate Services Section at 517-241-3455 to check on the status of the application.