



# ACQUISITION PROJECT PROCEDURES



Michigan Department of Natural Resources  
Grants Management Section

**MICHIGAN DEPARTMENT OF NATURAL RESOURCES (DNR) MISSION STATEMENT**

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For information or assistance on this publication, contact Grants Management, Michigan Department of Natural Resources, PO Box 30425, Lansing MI 48909-7925.

This information is available in alternative formats.

***Michigan Natural  
Resources Trust Fund***

**Acquisition Project  
Procedures**

Prepared by:

Michigan Department of Natural Resources  
Grants Management

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## INTRODUCTION

***Congratulations!*** You are most likely reading this booklet because your community has been recommended by the Michigan Natural Resources Trust Fund Board of Trustees for a grant to assist you in the purchase of land or rights-in-land for its recreational, aesthetic, and/or resource protection value. We have developed this booklet to help guide you through the steps necessary to complete your acquisition, either through the escrow closing process or through the reimbursement process.

**Because some of the procedures have been revised this year, we strongly recommend that you read this booklet in its entirety before you begin your project.**

We realize that the acquisition process is complicated and, depending on your past experience with the program, some of the tasks may be unfamiliar to you. Grants Management staff within the Department of Natural Resources (DNR) is available to assist you as you work your way through the process. When you were notified that your project was selected for funding, you should have also received a list of the names and telephone numbers of the Regional Grant Coordinators. Your Regional Grant Coordinator is the first contact you should make when you have questions regarding the process and is the staff person to whom you should address all correspondence.

Our general address and telephone numbers are as follows:

**GRANTS MANAGEMENT  
MICHIGAN DEPARTMENT OF NATURAL RESOURCES  
PO BOX 30425  
LANSING MI 48909-7925**  
On the web at: [www.michigan.gov/dnr](http://www.michigan.gov/dnr)  
Telephone: 517-284-7268  
FAX: 517-335-6813

**\*\*NEW\*\* -- to receive email updates, go to [www.michigan.gov/dnr](http://www.michigan.gov/dnr) and “Sign up for email from the DNR”.**

The land acquisition procedures of the Michigan Natural Resources Trust Fund (MNRTF) are based on the policies of the MNRTF Board of Trustees, the policies and procedures of the Department of Natural Resources, the Natural Resources and Environmental Protection Act (1994 PA 451), the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646), and other state laws and regulations. All projects approved for an acquisition grant must meet the following requirements, which are more fully explained in the following chapters of this booklet:

-  **Exclusive use of the property for public, outdoor recreation purposes.** Land acquired with MNRTF assistance and any recreation facilities on that land, as well as land and water access ways, must be open to the general public and maintained for public outdoor recreation *in perpetuity* (Board Policy 94.1).
-  **Willing seller.** The MNRTF operates under the principle of willing seller/willing buyer and does not participate in the acquisition of land through eminent domain. All aspects of the sale must be voluntary on the part of the landowners (Board Policy 00.3).
-  **Clear title to the property.** Properties purchased with grant assistance must be free from restrictions such as liens, easements, encumbrances, leases, covenants, reverter clauses, and use restrictions that will impact recreational or resource protection value. In addition, any encroachments or boundary disputes with neighboring landowners must be resolved to the satisfaction of the DNR prior to appraisal.



**Mineral rights.** You are expected to acquire and retain mineral rights with surface rights when purchasing property with MNRTF assistance. When the property is over five acres in size, we require you to deed the DNR a nonparticipating minimum 1/6<sup>th</sup> overriding royalty interest in all acquired mineral rights.



**Environmental safety.** The MNRTF will not assist in the purchase of property that contains a level of contamination that would cause the property to be unacceptable for its planned development and use or that would have an unacceptable negative impact on the overall public recreation and/or resource protection values of the site (Board Policy 93.1).

## CHAPTER 1: BEGINNING YOUR ACQUISITION PROJECT

Each year the Michigan Natural Resources Trust Fund Board recommends a list of projects for funding; however, their recommendations must be reviewed and approved by the Legislature and funds appropriated to the DNR before a grant is considered approved. After a bill containing the recommended projects is passed by the Legislature and signed into law by the Governor, it takes another 30 to 60 days before funds are available to the DNR for allocation. At that time, we will issue a project agreement to you.

### ***PREPARING FOR THE PROJECT AGREEMENT***

While you are waiting for the DNR to issue your project agreement, there are some steps you can take to help ensure a timely completion of your project. **Please read this section carefully, as we have changed the sequence and timing of some of the steps.**

- 1. Prepare a legal description and boundary map of the project area.** When you receive your project agreement, you will be asked to attach a legal description and boundary map of the “project area” (**outlined in RED, signed and dated**). The project area defines the property you intend to acquire with grant assistance.

You may be able to use the boundary map you included in the grant application as the boundary map for the project agreement. If you would like to do so, please contact your Grant Coordinator to ask if the previously-submitted map is acceptable.

- 2. Documentation of secure funding for the acquisition.** For an escrow closing, you will need to provide documentation that you have funds available for your match amount plus 10 percent of the grant amount. For reimbursement after closing, you will need to provide 100% of the funds required to complete the purchase (prior to requesting reimbursement). You will be asked to provide advance documentation to show that you have the required funds on hand, or can readily obtain them.
- 3. Environmental Due Diligence and 40-year Title Search.** While the bill to appropriate the funding for your project is still waiting for Legislative approval, you will receive a letter from our office granting approval to begin due diligence and a 40-year title search. These steps in the acquisition process may be started on or after January 1 of the year in which legislative and gubernatorial approval occurs. However, these and any other costs you incur before executing a project agreement will be considered an eligible cost only if the Legislature appropriates the funds and you complete the project in accordance with DNR procedures. Instructions for undertaking the due diligence and 40-year Title Search are found on the following pages. ***Appraisal of the property should not begin until after your project agreement is executed and approval is given by the DNR.***

- A. Perform due diligence on the property.** Under Part 201, Environmental Remediation, of the Natural Resources and Environmental Protection Act, 1994 PA 451, a property is termed a “facility” if it is contaminated by any hazardous substance—measured in the soil or groundwater—at a level above the state’s cleanup criteria for residential property, which are the state’s most protective cleanup criteria. If a property is determined to be a facility, there are steps you must take to protect future users of the property, and to protect yourself from liability. The appropriate inquiry as to whether environmental contamination is present on a property is often termed “due diligence.”

While the bill containing the recommended projects is still awaiting Legislative approval, you may request permission to begin due diligence on the property you wish to purchase. Much of the following information on due diligence is taken from the “Part 201 Citizen’s Guide,” available on the Department of Environmental Quality (DEQ) website at [www.michigan.gov/degrrd](http://www.michigan.gov/degrrd). We strongly recommend that you contact the Remediation and Redevelopment Division at your local DEQ office to obtain the most current information. For office locations and additional information, see the DEQ website or call 517-284-6864.

**The DNR Grants Management staff does not approve the results of your due diligence or make any determination as to its adequacy, but rather, determines whether you have submitted the appropriate documentation for the amount of inquiry you have chosen to undertake. The determination that a property is or is not a facility must be made solely by you, the grant applicant.**

The initial step of due diligence is to ask the landowner and other knowledgeable persons about any known environmental conditions on the property. Section 16 of Part 201 requires a person who has knowledge that their property is a facility to disclose that information to prospective purchasers prior to its sale. We also strongly recommend that you walk through the property to look for obvious signs of potential contamination (for example, abandoned tanks or containers, stained soils, or stressed vegetation).

- ❖ If, based on the information you gather, you believe it is reasonable to conclude that the property is not a facility; you may decide to end your inquiry at this point. However, you will want to be sure that you acquire accurate information on the use of the property far enough into the past so that you are comfortable with making this determination. Submit to Grants Management a summary of the information you have gathered, along with a statement (signed by you, the grant applicant, not your environmental consultant) that you have determined, based on the information gathered, that it is reasonable to conclude that the property is not a facility, as defined in Part 201 of 1994 PA 451.
- ❖ If you cannot or do not want to make a decision on the contamination of the site based on information from the owner or other persons knowledgeable about the site, the next step of due diligence is to conduct an environmental assessment of the property. The American Society for Testing Materials Phase I and Phase II environmental assessments (ASTM E1527 and E1903) or equivalent can be used. You will need to hire an environmental consultant to conduct these assessments, unless you have appropriately trained staff available to you.

The Phase I assessment includes a review of regulatory agency files, historical maps, and past uses to evaluate the potential for contamination on the property. A walk-through of the property is performed to identify potential contamination sources. The Phase I report concludes with a list of these potential contamination sources, which are termed Recognized Environmental Concerns (REC).

- ❖ If, based on the results of the Phase I assessment and the recommendations you receive from your environmental consultant, you believe that it is reasonable to conclude that the property is not a facility; you may decide to end your inquiry at this point. Submit to Grants Management a copy of the Phase I assessment report, along with a statement (signed by you, the grant applicant, not your environmental consultant) that you have determined, based on the information gathered, that it is reasonable to conclude that the property is not a facility, as defined in Part 201 of 1994 PA 451.
- ❖ If you cannot or do not want to make a decision on the contamination of the site based on the information gained from the Phase I assessment, the next step of due diligence is to conduct a Phase II assessment (or equivalent) of the property.

The Phase II assessment involves further investigation into the RECs, including the collection of soil and/or groundwater samples, determining if underground tanks are present, and identifying abandoned containers and their contents. The concentration of hazardous substances found at the property is compared to the DEQ's residential criteria. If any hazardous substance exceeds one or more of the cleanup criteria, the property is determined to be a facility.

- ❖ If, based on the results of the Phase I and II assessments and the recommendations you receive from your environmental consultant, you believe that it is reasonable to conclude that the property is not a facility, submit to Grants Management a copy of the Phase I & II assessment report, along with a statement (signed by you, the grant applicant, not your

environmental consultant) that you have determined, based on the information gathered, that it is reasonable to conclude that the property is not a facility, as defined in Part 201 of 1994 PA 451.

- ❖ If, based on the results of the Phase I and II assessments and the recommendations you receive from your environmental consultant, you believe that the property is a facility, you will need to conduct further assessments. Generally, the scope of these further assessments must provide for the identification of the nature and extent of contamination at the site so that appropriate “due care” compliance measures (required by Section 7a of Part 201 and described further in chapter 2) can be determined. Submit to Grants Management a copy of the Phase I and II assessment report, along with a statement telling us whether you wish to continue with this acquisition using grant assistance. If you wish to proceed, also include a discussion on why you believe this property can safely provide for the recreational opportunities presented in your grant application following cleanup or other due care measures. More information on conducting further assessments and determining adequate due care for the site is contained in chapter 2 of this booklet.

Environmental assessments costs: Up to five percent of the market value of the property and including those costs incurred prior to execution of a project agreement, are eligible for reimbursement if the project is completed and the cost can be covered by the awarded grant amount.

- B. 40-Year Title Search.** MNRTF grantees are required to obtain fee simple title (or easement in some cases) to the entire project area. Such title must be generally free from restrictions such as liens, easements, encumbrances, leases, covenants, reverter clauses, or use restrictions. In order to determine what restrictions exist on the property, it is necessary to conduct a 40-year title search.

You will be notified that you may begin the 40-year title search after January 1<sup>st</sup> once the MNRTF bill is introduced. A copy of the Title Search Report prepared and signed by the title company and copies of the current deed(s) and all documents pertaining to the search must be submitted to Grants Management for evaluation. When purchasing a former railroad corridor, it is not necessary to submit copies of the original deeds acquired by the railroad company to assemble the corridor, unless they contain clauses that could potentially affect the recreation use of the property.

Submit for all properties, all licenses, leases, easements, and any other documents issued by the current or former property owners that transfer any right of control or use of any portion of the property. Grants Management will review these documents and make the following determinations:

- ❖ The restriction (lease, license, etc.) must be terminated prior to purchase because the rights it grants conflict with the public use of the affected area, as well as the remainder of the property for outdoor recreation;
- ❖ The restriction may remain on the property, but the affected portion of the property must be removed from the project area and/or its value deducted from the market value. For example, the DNR may approve a lease allowing the former landowner to remain on the site for an extended period of time (such as a life lease), but the market value of the property will be reduced to account for the loss of use of that portion of the property. In no case will a restriction be approved if it interferes with the immediate use of the remainder of the property for public outdoor recreation;
- ❖ If the restriction is determined to have no negative effect on the project area or approved market value, it may be allowed to remain. Routine utility easements and pre-existing road rights-of-way usually fall into this category.

You must seek DNR approval if you want to place new restrictions on the land at the time of closing or afterwards. New restrictions must not contradict or supersede the terms of the project agreement or relinquish control of any portion of the project area.

Before the purchase is completed, you should also ask the landowner to keep you informed of any physical or legal changes to the property, such as placing new easements or leases, erecting new structures, removing or altering the natural resources on the property (such as timber harvesting), or any other change that may mean the acquisition would not meet MNRTF requirements.

## ***EXECUTING THE PROJECT AGREEMENT***

As explained earlier, when MNRTF grant funding is available, the DNR will issue a non-negotiable project agreement to you. The project agreement details the responsibilities of the grantee and the DNR in completing the project and maintaining it over time. Upon its execution, it is a legally binding and enforceable document.

Project agreements define the following:

- Timeframe for project completion, which is two years from the date the project (grant) is approved and funded by the DNR. This is referred to as the **project period**.
  - **Project area**, which is the park or geographic area to be acquired with grant assistance.
  - Maximum grant amount, which is that portion of eligible costs as determined by the grant percentage specified in the approved application.
  - Closing option chosen by grantee: Two options are available for completing a land acquisition project. You will need to indicate on the project agreement whether you intend to:
    - a.) Acquire the property using the escrow closing process, OR
    - b.) Purchase the property (after DNR approval of the market value) with your own, donated, or borrowed funds and then request reimbursement after closing.
  - Reimbursement requirements, including the deadline for submitting a final reimbursement request.
  - Escrow closing requirements.
  - Acquisition procedures, including a requirement that the grantee follow the procedures set forth in this booklet.
  - Grantee's obligation to ensure the project meets all local, state, and federal laws and regulations.
  - Grantee's long-term obligations, most importantly the obligation to keep the project area in public outdoor recreation use in perpetuity.
  - DNR's rights in response to violation of the project agreement, including termination of the agreement and requiring the grantee to repay grant funds received and/or to pay damages.
- ❖ Within 90 days of issuance, you will need to complete and sign both copies of the project agreement and attach the following:
- 1) boundary map of the project area (**OUTLINED IN RED**)—**please initial and date both copies**;
  - 2) legal description of the project area; and
  - 3) an official resolution of your local governing body accepting the terms of the project agreement and grant.

Please return your project agreement, with all required signatures and attachments, within 90 days from the date you receive the document.

Once we receive the signed project agreement and all required materials, we can usually execute the document within two weeks. We will return one original of the agreement to you. It is important to note that the two-year project completion period begins on the date as indicated on the project agreement.

### C. Appraisal.

**Do not begin the appraisal until due diligence and a title search on the property have been completed and approved by the DNR and your project agreement has been executed by both parties.**

The market value of the property you wish to acquire is to be determined through an appraisal conducted by a **certified general appraiser**, following the standards and guidance given in Appendix A. However, not all certified general appraisers are qualified to appraise all types of property. Most appraisers work primarily on the valuation of residential properties, and may not have much experience appraising forest land, lake or river frontage, wetlands, or other types of non-residential properties. You will want to choose a certified general appraiser who has experience appraising the type of property that you are purchasing. **The appraisal report standards must be given to the appraiser, who must sign, date and return the acknowledgment with the completed appraisal report.**

You are strongly encouraged to contact Grants Management for a list of certified general appraisers who have had an appraisal approved by the DNR. You are not required to select an appraiser from this list, and choosing an appraiser from the list does not guarantee that the appraisal you commission will be approved. However, appraisers on the list have demonstrated their awareness of and ability to prepare appraisals using the DNR-required appraisal format and standards, which may lessen the time needed to complete the appraisal and to have it reviewed once submitted to DNR.

**If a qualified person estimates the proposed acquisition has a value of \$750,000 or more, you will need to have two separate appraisals prepared.**

Permission must be obtained from the landowner to have the property appraised. Each owner or a designated representative must be given an opportunity to accompany the appraiser and must certify on a *Statement of Just Compensation* form (see Appendix E) that he or she was given this opportunity.

Submit one copy of each appraisal electronically to Grants Management via the MiRecGrants website. We will have them reviewed by the DNR's Real Estate Services Section to determine the final market value. This process may take up to 90 days.

Local units of government and appraisers should be aware that the official DNR review of the appraisal(s) may result in an opinion of market value that is different from the value concluded by the appraiser. This is addressed under USPAP Standards Rule 3.3. The Standards can be found online at [www.uspap.org](http://www.uspap.org).

## CHAPTER 2: WORKING TOWARDS CLOSING ON THE PROPERTY

While you should have already taken some steps toward completing your project, you may begin this work in earnest once the project agreement has been executed. Once you have successfully completed the following steps and submitted satisfactory results and/or information to the DNR, you will receive approval to close on the property.



**Environmental Assessment and Due Care.** At this point in the process, you should have already completed due diligence on the property and reported your determination to the DNR, as described in Chapter 1.

- ❖ If you determined that the property is not a facility and have submitted this determination to the DNR, no further action is required.
- ❖ If, based on the results of due diligence, you have determined that the property is a facility and we have approved your moving forward with a grant-assisted purchase, you are required to prepare a Baseline Environmental Assessment (BEA) and Section 7(a) compliance analysis (due care), as provided for in Part 201 of the Natural Resources and Environmental Protection Act (1994 PA 451, as amended). You must then formally petition the DEQ to review the BEA and Section 7(a) compliance analysis.

Further information on the requirements for the preparation and review of the BEA and Section 7(a) compliance analysis can be obtained by contacting the Remediation and Redevelopment Division at your local DEQ office. For office locations and additional information, see the DEQ website at [www.michigan.gov/deqrrd](http://www.michigan.gov/deqrrd) or call 517-284-6864.

Once you receive a written determination from DEQ that the BEA and Section 7(a) compliance analysis are technically adequate, submit to the DNR:

- a copy of the BEA and Section 7(a) compliance analysis;
  - a copy of the written determination from DEQ that the BEA and Section 7(a) compliance analysis for the property are technically adequate;
  - a timetable for completion of the due care actions.
- ❖ If the above information indicates that the presence of contamination will not significantly reduce the overall use and value of the property for public recreation and resource protection nor significantly delay the completion of the acquisition and development of the site, we will provide you with written approval to proceed with the project.
  - ❖ If the above information indicates that the presence of contamination will significantly reduce the overall use and value of the property for public recreation and resource protection and/or significantly delay the completion of the acquisition and development of the site, we may ask that you withdraw the project from the program.

As stated in Chapter 1, environmental assessment costs, up to five percent of the market value of the property and including those eligible costs incurred prior to execution of a project agreement, are eligible for reimbursement provided the project is completed and the cost can be covered by the awarded grant amount. The cost of cleanup actions needed to make a property safe for recreational use and to comply with state law is not reimbursable under the MNRTF program.



**Title Search.** You may have already begun the 40-year title search on the property. See Chapter 1 for more information.



**Appraisals.** See Chapter 1 for more information.



**Non-Recreation Uses.** The project agreement requires you to eliminate all uses of the property other than public outdoor recreation within 90 days of the acquisition, unless you receive approval

from the DNR to extend this deadline. Examples of non-recreation uses include agricultural uses, residences, and businesses. If you do not believe you can meet the 90-day requirement, please submit a written request for an extension. In your request, please describe the non-recreation use, provide justification for an extension, and propose a length of time.



**Existing Structures.** If there are any structures on the property, you must submit a written plan and schedule for their proposed use or removal. Existing structures should be removed or made ready for an appropriate use within 90 days after completion of the acquisition. Appropriate uses include nature centers, park office or maintenance buildings (that house staff or equipment for the project site only), and restroom buildings.



**Public Access.** The project agreement requires you to make the project area, its facilities, and any land or water access to them open to the public within 90 days of the date of acquisition and to keep them open to the public at all times on equal and reasonable terms. If you anticipate that you cannot meet the 90-day requirement, submit a written request for an extension, explaining why the extension is necessary, and a proposed length of time for the extension.

## **CHAPTER 3: AMENDING THE PROJECT AGREEMENT**

Sometimes it is not possible to complete an acquisition project as originally proposed or within the project period. In these situations, you may submit a written request to Grants Management for a project change. Requests should be submitted before the end of the project period.

If we approve your request, we will prepare and send for your signature an amendment to your project agreement reflecting the modified terms of the acquisition project. If the amendment modifies the project area, you will be required to prepare a revised boundary map and legal description to attach to the amendment.

### ***CHANGING THE PROJECT AREA***

It may not be possible to purchase the project area as described in the project agreement because:

- The landowner is not willing to sell or will not sell at the DNR-approved market value.
- The landowner has placed restrictions on the land so that it no longer meets MNRTF acquisition requirements.
- You have determined that acquisition of all the parcels within the project area is no longer appropriate based on changing conditions or needs.

If you have a reason to modify the project area, please submit a written request to Grants Management, explaining the change, why the change is necessary, and its effect on the cost of the acquisition.

Requests to reduce the project area are critically reviewed by the DNR, especially when associated with higher than expected property values. The grantee is required to cover all cost overruns, and as such should not expect to be approved to acquire less land to compensate for higher than anticipated market values.

Requests to significantly reduce the acreage of your project area and all requests to acquire additional acreage may need approval from the MNRTF Board. Additional detailed guidance regarding project area changes can be found in Board Policy 00.1 and its implementation procedures, which can be obtained from Grants Management or from the DNR website at [www.michigan.gov/dnr](http://www.michigan.gov/dnr).

### ***INABILITY TO PURCHASE MINERAL RIGHTS TO THE PROPERTY***

When purchasing property with MNRTF assistance, you are expected to acquire the mineral rights along with the surface rights. However, at times the landowner does not own any or some portion of the mineral rights, or refuses to sell them. In these situations you will need to contact Grants Management in writing for approval to proceed with the acquisition. If the appraisal was completed with incorrect information on the rights to be acquired, the market value of the property will need to be reevaluated by your appraiser and an addendum to the appraisal submitted for DNR review.

### ***EXTENDING THE PROJECT PERIOD***

You may request an extension to your project period if, as you approach the end of the period, you do not believe that you will be able to complete all requirements and close on the property within the remaining time. Submit a written request to the DNR, explaining why you need a time extension and when you believe you will be able to close on the property. Extensions will only be granted if you have made significant progress toward project completion and/or the reasons for delay are outside of your control.

## CHAPTER 4: PURCHASING THE PROPERTY

At this point, you have completed all the necessary steps described in the previous chapters of this booklet, you have received written approval of market value from the DNR, and you are ready to close on the property. The following information guides you through the closing process, and lists all forms that you and the landowner will need to complete. The forms listed below can be found in Appendix D.

If you have chosen the reimbursement option, we strongly encourage you to submit drafts of all the forms, completed as much as possible, but at least 30 days before you plan to close on the property. We will review the forms and provide you with our comments. Prior review of the forms should assist you in completing them correctly during closing, shorten our review time, and enable you to receive your reimbursement check sooner.

If you have chosen the escrow closing option, a complete draft closing package will need to be submitted to the DNR at least 60 days prior to desired closing date. This will enable the DNR to review the documentation and arrange for the deposit of 90 percent of the eligible grant amount to the escrow account on your behalf.

**NOTE:** The discussion below refers to a single landowner; however, when there are multiple landowners, all must sign the following documents. If your project involves the purchase of multiple parcels of land and some or all of the parcels differ in ownership, you will need to prepare a complete set of forms for each unique parcel/ownership combination.

 <b>STEP 1</b>	<b>FORMS NEEDED:</b>
<b>INFORMING THE LANDOWNER OF THE MARKET VALUE</b>	 <b>STATEMENT OF JUST COMPENSATION (PR 1908-1)</b>

- The grantee and the landowner complete and sign the entire *Statement of Just Compensation* form, which must indicate the DNR-approved market value and must have the legal description of the parcel attached.
- Upon request, Grants Management will review the completed *Statement of Just Compensation* before it is signed to ensure completeness, or will review the executed form to ensure you are prepared to take the next step in the process.

 <b>STEP 2</b>	<b>FORMS NEEDED:</b>
<b>MAKING AN OFFER TO PURCHASE</b>	 <b>OFFER TO PURCHASE (PR 1908-8) OR</b>  <b>OFFER TO PURCHASE (WITH LAND DONATION)/ WAIVER OF JUST COMPENSATION (PR 1908-2)</b>

- The purchase price you offer must be at least equal to the DNR-approved market value/just compensation amount indicated on the *Statement of Just Compensation* form. If you intend to purchase the property at the market value and the landowner does not intend to donate any of the land value, or if you intend to purchase the property for more than the market value, the *Offer to Purchase* form is used. A standard real estate purchase agreement document may be used in lieu of the DNR form.
- If you offer more than the market value for the property, you must be prepared to pay the additional costs without reimbursement.
- For acquisitions that include a donation of land value (that is, the landowner has agreed to sell the property for less than the DNR-approved market value) the *Offer to Purchase (With Land Donation)/Waiver of Just Compensation* form is used. This document must be completed to show that the landowner has agreed to a cash compensation amount that is less than the recognized market value of the land.
- The legal description of the parcel must be attached to or included within the Offer to Purchase.

 <b>STEP 3</b>	<b>FORMS NEEDED:</b>
<b>DETERMINING INCIDENTAL COSTS AND INFORMING THE LANDOWNER OF HIS/HER RIGHTS</b>	 <b>SELLER'S WAIVER OF REIMBURSEMENT OF INCIDENTAL EXPENSES (PR 1908-3)</b>

- In a typical real estate transaction, the landowner pays for incidental expenses. Under the MNRTF program, landowners who pay incidental costs are entitled to reimbursement by the grantee, unless the landowner specifically waives this right.
- Prior to the closing, you must inform the landowner that MNRTF procedures require you to pay all incidental closing costs, unless the landowner specifically waives this requirement. If the landowner agrees to pay any of the incidental closing costs, the *Seller's Waiver of Reimbursement of Incidental Expenses* form must be completed by the grantee and signed by the landowner.

 <b>STEP 4</b>	<b>FORMS NEEDED:</b>
<b>CLOSING; RECORDING OF DEEDS</b>	 <b>CLOSING STATEMENT (PR 1908-9)</b>  <b>WARRANTY DEED</b>  <b>DECLARATION AND NOTICE</b>  <b>MINERAL ROYALTY INTEREST DEED</b>

- At the time of closing, the *Closing Statement* document is prepared by you or your agent and is signed by you and the landowner. Alternatives to the *Closing Statement* document may be used if they include the same information.
- Title insurance is required for all acquisitions except those of railroad corridors. At a minimum, a title search is required for railroad purchases.
- The deed for the property must be a warranty deed and may not contain reversionary clauses, covenants, or other restrictions, unless they are required or have been approved by the DNR prior to closing.
- **The following statement must be recorded as a 'Declaration and Notice' after the property warranty deed(s) which indicates that the purchase of the property was acquired with assistance from the Michigan Natural Resources Trust Fund (edit as appropriate for your project):**

The lands included in this deed were acquired by (*grantee*) with funding assistance from the Michigan Natural Resources Trust Fund pursuant to project agreement TF\_\_ - \_\_ between the Michigan Department of Natural Resources and (*grantee*), executed on (*date*). The project agreement describes certain requirements to ensure the long-term conservation of the property and its use for public outdoor recreation. (*grantee*) is placing this notice on record as confirmation of its obligations as set forth in the project agreement, including the requirement that the consent of the Michigan Department of Natural Resources and the Michigan Natural Resources Trust Fund Board of Trustees is required prior to the conveyance of any rights or interest in the property to another entity, or for the use of the property for purposes other than conservation or public outdoor recreation.

**NOTE:** Mineral royalty interest deeds are excluded from this requirement

- The requirements for the format and content of a declaration and notice are included in Appendix B.

- The requirements for the format and contents of a mineral royalty interest deed are included in Appendix C.
- The original mineral deed must be submitted to Grants Management after closing.
- For a traditional reimbursement closing, you and the landowner schedule the closing and you incur all costs associated with the acquisition. You or your agent record the property deed, declaration and notice, and mineral royalty interest deed.
- For an escrow closing, you will need to **deposit your match amount plus 10%** of the eligible grant amount with the escrow agent. You and the escrow agent will then coordinate with the landowner and DNR to schedule the closing. As part of closing, or immediately afterward, the escrow agent will record the property deed, declaration and notice, and mineral royalty interest deed.

## CHAPTER 5: PREPARING THE ESCROW CLOSING OR REIMBURSEMENT PACKAGE

A key part of your project is compiling the necessary documents that you will need to submit in either the escrow closing package (prior to purchase) or the reimbursement package (following purchase.)

**A. Escrow Closing:** Eligible costs are based on approved market value, plus incidental costs, at the grant percentage in your project agreement, but cannot exceed the maximum-stated grant amount. Submit the draft escrow closing package to the DNR at least 60 days prior to closing. If you do not believe you can meet this requirement, contact the Grants Management staff in writing or by telephone for assistance.

**NOTE:** If your project involves the purchase of multiple parcels of land and some or all of the parcels differ in ownership, you will need to prepare a complete draft escrow closing package for each unique parcel/ownership combination. The escrow agent (usually a title company) will assist you with compiling the draft closing package as part of the service they offer.

Upon our approval of the escrow closing package, we will escrow 90% of the total grant amount earned. You will need to deposit with the escrow agent an amount equal to your pledged match amount plus 10% of the earned grant amount.

**B. Reimbursement Closing:** Reimbursement for eligible costs is determined using the approved market value, plus incidental costs, at the grant percentage for all eligible costs specified in your project agreement but cannot exceed the maximum-stated grant amount. Submit the reimbursement package to the DNR after closing has occurred and deeds have been recorded. The package should be submitted within 90 days of completing the acquisition but no later than the date given in your project agreement. If you do not believe you can meet this date, contact Grants Management in writing to request an extension.

**NOTE:** If your project involves the purchase of multiple parcels of land and some or all of the parcels differ in ownership, you will need to prepare a complete reimbursement request package for each unique parcel/ownership combination. If you complete the acquisition in stages Grants Management may elect to withhold payment until the entire project area is acquired.

Upon our approval of the reimbursement package, DNR will make an initial payment of 90% of the total grant amount earned.

Regardless of which closing option is selected, the DNR will complete a final review after final closing documents, including the recorded warranty deed, mineral royalty interest deed, and declaration and notice have been received. If the outcome of the final review is satisfactory, the remaining 10% payment will be made to the Grantee.

The following costs are eligible for reimbursement, provided your grant award is sufficient to cover them:

\$ Title insurance and title search	\$ Prorated taxes
\$ Environmental assessment costs (up to 5% of market value)	\$ Recording fees
\$ Appraisal costs	\$ Transfer tax/revenue stamps

Any payments made to the landowner prior to execution of your project agreement are not eligible for grant reimbursement and will be deducted from the market value.

### TAX PRORATION EXAMPLE—ASSUMING A CLOSING DATE OF DECEMBER 27

The summer and winter tax bill may contain city taxes, county taxes, local school taxes, and intermediate school taxes. The taxes may also be for various periods of time.

<b>MNRTF TAX PRORATION EXAMPLE</b>		
<b>Summer Tax Period</b>	July 1- June 30	
<b>Winter Tax Period</b>	December 1- November 30	
<b><u>Parcel(s)</u></b>	<b><u>Summer</u></b>	<b><u>Winter</u></b>
Tax ID	28,291.84	4,630.12
Tax ID	22,658.68	3,309.60
Tax ID	1,785.83	256.04
Total	<u>52,736.35</u>	<u>8,195.76</u>
<b><u>Closing Date: November 12</u></b>		
# days Grantee owned	231	19
# days Seller owned	<u>134</u>	<u>346</u>
	365	365
Tax Payment	52,736.35	8,195.76
Buyer/Grantee Proration	$(231/365) \times 52,736.35$	$(19/365) \times 8,195.76$
Seller Proration	$(134/365) \times 52,736.35$	$(346/365) \times 8,195.76$
Buyer/Grantee Proration	33,375.61	426.63
Seller Proration	<u>19,360.74</u>	<u>7,769.13</u>
	52,736.35	8,195.76

The following two lists (one for the reimbursement process, one for the escrow closing process) indicate all the documents that must be submitted in your reimbursement or escrow closing package. You may use one of these lists as a checklist to ensure that you have prepared and included all required documents:

***LIST OF ITEMS TO BE INCLUDED IN A REIMBURSEMENT PACKAGE***

- Original Acquisition Reimbursement Request**  
     \_\_\_ Signed by you
- Original Statement of Just Compensation**  
     \_\_\_ Includes your original signature and those of each of the sellers of the parcel  
     \_\_\_ Legal description must be attached
- Copy of Offer to Purchase OR Copy of Offer to Purchase (With Land Donation)/Waiver of Just Compensation**  
     \_\_\_ Signed you and each of the sellers, dated after the *Statement of Just Compensation* is signed  
     \_\_\_ Legal description must be attached
- Copy of Seller's Waiver of Reimbursement of Incidental Expenses**  
     \_\_\_ Completed by you, if required, and signed by each of the sellers
- Copy of Recorded Warranty Deed to the Property**  
     \_\_\_ Must be a warranty deed  
     \_\_\_ Must not include restrictions or other conditions except those preapproved by DNR
- Copy of Recorded Declaration and Notice**
- Boundary Map of the Acquired Area**
- Original Recorded Mineral Royalty Interest Deed**  
     \_\_\_ Must be a warranty deed  
     \_\_\_ A boundary area map needs to be included with the deed
- Copy of Title Insurance Policy (possible exception, railroad corridor)**
- Copy of Closing Statement**  
     \_\_\_ Signed by you and each seller
- Documentation of All Costs Incurred**  
     \_\_\_ Copies of invoices  
     \_\_\_ Copies of cancelled checks. Each check copy must either be of the front and back of the check as returned by the bank, or a copy of the front of the check with a copy of the bank statement or documentation of wire transfer, showing the check has cleared
- Photo of the Installed MNRTF Plaque**  
     \_\_\_ Photo is to show that the plaque has been permanently installed in a prominent location on the property
- Tax Proration Schedule and Copy of Paid Property Tax Bills**  
     \_\_\_ Calculation of tax proration must be made using MNRTF method (see page 17)

**LIST OF ITEMS TO BE INCLUDED IN A LAND ACQUISITION ESCROW CLOSING PACKAGE**

- Original Acquisition Reimbursement Request**
  - \_\_\_ Signed by you
- Original Statement of Just Compensation**
  - \_\_\_ Includes your original signature and those of each of the sellers of the parcel
  - \_\_\_ Legal description must be attached
- Copy of Offer to Purchase OR Copy of Offer to Purchase (With Land Donation)/Waiver of Just Compensation**
  - \_\_\_ Signed by you and each of the sellers, dated after the *Statement of Just Compensation* is signed
  - \_\_\_ Legal description must be attached.
- Copy of Seller's Waiver of Reimbursement of Incidental Expenses**
  - \_\_\_ Completed by you, if required, and signed by each of the sellers
- Draft Warranty Deed to the Property**
  - \_\_\_ Must be a warranty deed
  - \_\_\_ Must not include restrictions or other conditions except those preapproved by DNR
- Draft Declaration and Notice**
- Boundary Map of the Acquired Area**
- Mineral Royalty Interest Deed**
  - \_\_\_ Must be a warranty deed
- Copy of Title Insurance Commitment (possible exception for railroad corridor acquisitions)**
- Closing Statement**
  - \_\_\_ Signed by you and each seller
- Documentation of All Costs Incurred**
  - \_\_\_ Copies of invoices
  - \_\_\_ Copies of cancelled checks. Each check copy must either be of the front and back of the check as returned by the bank, or a copy of the front of the check with a copy of the bank statement or documentation of wire transfer, showing the check has cleared
- Tax Proration Schedule and Copies of Paid Property Tax Bills**
  - \_\_\_ Calculation of tax proration must be made using MNRTF method (see page 17)
- Original Escrow closing agreement signed by buyer, seller and closing agent**
  - \_\_\_ Closing agreement must provide the company's State of Michigan Vendor ID

Escrow closing and reimbursement packages must include a schedule that explains how the property taxes were prorated, as well as copies of all the paid tax bills. The following example will assist you in prorating taxes. The example is for real estate tax proration when the annual taxes have been prepaid (as specified in

1966 PA 288). The example is also based on the assumption that the seller has paid all tax bills issued. If the seller has not paid the tax bills, the calculation process would be the same, but the grantee would be entitled to deduct any portion of the taxes that are in arrears from the closing statement. On the closing date, the property belongs to you; therefore, the closing date is used to determine the proration.

## CHAPTER 6: PROGRAM RECOGNITION

Providing program acknowledgement through signs, plaques, and written materials helps local residents and visitors to the community see the benefits of the MNRTF and its long-term importance to Michigan's recreation estate. They also serve as a reminder to future local officials and park personnel that the park has long-term grant obligations.

### ***PLAQUE REQUIREMENTS***

All grantees are required to install and maintain a permanent MNRTF recognition plaque on the project area or in a prominent place where it can easily be viewed by the public. The order form for the required MNRTF recognition plaque is available online at [www.michigan.gov/dnr-grants](http://www.michigan.gov/dnr-grants). The plaque must be installed by the time of project completion and a photograph of the plaque must be included with the final reimbursement request. For projects using the escrow option, a photograph of the installed plaque will need to be submitted before the final 10% payment will be released.

### ***ADDITIONAL RECOGNITION EFFORTS***

We also encourage you to acknowledge the role of the MNRTF program in written materials. Program recognition language can be included in materials such as park brochures and maps, press releases, grand opening announcements, park posters, interpretive signs and displays, and annual reports. Materials specific to the grant-funded area as well as written materials about the community's overall parks and recreation program can include acknowledgement of the MNRTF.

You do not need to make arrangements to publish new or additional materials when you receive an MNRTF grant, but we do encourage you to include recognition of the program in materials you would normally publish. Recognition of the MNRTF program can be added to existing publications as they are updated and reprinted. Including program recognition in written materials is strongly encouraged.

Please Note: A public recognition ceremony is required for all projects. This is an important part of recognizing the program that provided the funding for the project.

## CHAPTER 7: LONG-TERM OBLIGATIONS

The obligations associated with the acquisition grant you have received do not end with final reimbursement. Your project agreement includes long-term obligations regarding the project area.

The most significant long-term obligations include:

- ❖ You must keep the entire project area in **public outdoor recreation use in perpetuity**. Other government buildings (for example, libraries and fire stations), utility structures (including cellular towers and wind turbines), or indoor recreation facilities are not allowed;
- ❖ The project area and facilities must remain open and accessible for public use at all appropriate times, based on the type of area and facilities, excluding temporary closures for renovation or other purposes;
- ❖ Preferential membership or permit systems are prohibited, with the exception that differences in admission and other fees may be instituted on the basis of residency. "Residents only" policies are prohibited;
- ❖ You must receive approval from the MNRTF Board before transferring ownership or control of any portion of the project area to another governmental entity;
- ❖ You must maintain the project area and facilities, so that they are attractive, inviting, and safe;
- ❖ Prior DNR approval is required to make any significant changes to the type of recreation provided within the project area, such as converting a natural area to an active sports complex;

### CONVERSIONS.

Changes to the project area that are contrary to the terms of the project agreement are termed **conversions**. If you are contemplating any changes that conflict with the long-term obligations included in your project agreement or if you foresee any unavoidable changes, contact Grants Management as soon as possible. The MNRTF Board has adopted policies and procedures that govern the handling of conversions of the project area. In those cases where a conversion may be approved, costly mitigation is virtually always required. The primary form of mitigation for a conversion is replacement of the converted property with property of at least equal monetary (current market value), recreational, and resource protection value. Other forms of mitigation are rarely accepted and require Board approval.

The DNR will perform periodic inspections of the project area and facilities to determine your compliance with all long-term obligations specified in your project agreement. You will be notified of any problems we identify and you will be asked to address them within a reasonable timeframe.

The Michigan Natural Resources Trust Fund program celebrated its 37<sup>th</sup> anniversary in 2013. The federal Land and Water Conservation program has an even longer history since its establishment by Congress in 1964. Over the years, it has become common for a single park to have received numerous grants through these and other recreation grant programs administered by the DNR. Therefore, your long-term obligations at any of your parks may be governed by more than one grant program and project agreement. **We strongly encourage you to contact Grants Management for information on your community's recreation grant obligations before pursuing a change or conversion.**

## **APPENDIX A: MICHIGAN DEPARTMENT OF NATURAL RESOURCES APPRAISAL REPORT STANDARDS**

Appraisals for DNR funding must be done by a Michigan Certified General Appraiser who is *competent* to do the appraisal assignment and produce a *credible* report according to the Uniform Standards of Professional Appraisal Practice (USPAP) and DNR Appraisal Report Standards. Per Michigan statutes, the purpose of the appraisal is to find **market value**. Other definitions of value, like Value to the User, environmental value, etc., cannot be used. According to USPAP the selected appraiser must perform the assignment in an unbiased fashion, be neutral as to cause or interest of any party or issue, and avoid being influenced to reach a predetermined range or number.

The local unit of government and DNR must be named as intended users of the report. The appraisal report should be in narrative format. Appraisals prepared or contracted by the seller or a third party will not be accepted. The appraiser should not be instructed to use Extraordinary Conditions or Hypothetical Conditions unless agreed to in writing by DNR. If the value of the subject is reasoned to be in excess of \$750,000 then two independent appraisals are required.

As the DNR Appraisal Standards state, locations of the subject and comparables must be clearly expressed through legal descriptions, legible maps, nearby addresses and/or local landmarks which aid in locating the properties. Comparables must be verified preferably by a party to the transaction. Descriptions of the subject property and the comparables must have all of the photos, maps and specific data as outlined in the Standards.

If a potential source of funding for the project is from a federal source, it would be prudent for the appraiser to review and follow "Yellow Book" appraisal requirements. A full copy of the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) may be viewed or downloaded at <http://www.justice.gov/enrd/land-ack/Uniform-Appraisal-Standards.pdf>.

The appraiser must expect the appraisal to go through a review process at DNR, according to USPAP standards, and typical of the process used by private and public consumers of appraisal products. If the appraisal is thoroughly researched with well-supported conclusions, using appropriate methodology and clearly communicated, the review process will be incidental to the entire Grants process. Conversely, inadequate research, errors, contradictory information, and unsupported conclusions, etc. will cause delays and may result in the report being rejected entirely if problems cannot be worked out with the appraiser. If there are two acceptable appraisals, the most credible appraisal will be chosen. Averaging is not an option.

## NARRATIVE SUMMARY APPRAISAL REPORT STANDARDS

**Working Together** – The DNR Appraisal Standards are designed to assist DNR staff, partners and local units of government throughout the acquisition, exchange and disposition processes. Finding key information in predictable places saves time and improves efficiency for both the appraiser and report user.

Therefore we request your cooperation to follow the general outline provided. Many of the details within the outline are offered as reminders or suggestions for developing your credible results.

### Special Attention

- Visuals. Please provide enough so the reader understands the appraisal problem and can appreciate significant features or issues where possible.
- A deed of the subject property, to be placed first in the Addendum.
- Number of splits remaining to be placed on the Summary Page.
- The completed DNR Appraisal Site Inspection Environmental Checklist on the second to the last page.
- A copy of your current liability insurance coverage & appraiser's license on the last page of the addendum.
- Subject tax ID placed on the Title Page.
- If the subject is landlocked, identify adjoining owners and explain potential access. Provide a plat or tax map and identify adjoining owners and roads.
- While all market indicators are expected to be explored, a quantitative grid for the sales comparison approach **must** be used, with adjustments where appropriate and market related explanations. A qualitative analysis only is not acceptable.
- Analyze and report subject sales history over 10 years, if possible, and provide date of last sale of the subject.
- Limiting Conditions which shift responsibility to the State of Michigan or limit the use of the report are not acceptable. The State of Michigan will not indemnify.
- At a minimum, the Direct Sales Comparison approach is always required.
- Do not use hypothetical conditions or extraordinary conditions unless you are instructed to do so by DNR in writing.
- If you have any questions about the appraisal report, call the DNR Review Appraiser at 517-284-5950. If you have questions about the property itself or the project, call your MDNR Grant Coordinator at 517-284-7268.
- We are adopting MDOT's appraisal policy on Hazardous Waste or Property Contamination.
- Please ask the owner if they have a recorded survey of the subject property. Is an unrecorded survey available? Please include any survey(s) from any source in the addendum.
- For appraisals of linear corridors, the appraiser should consider comparable sales of other corridors in a direct sales comparison approach as well as consideration of "across the fence" valuation. You

are encouraged to review valuation literature on the topic as well as this recent article:  
[http://www.irwaonline.org/eweb/upload/web\\_mar\\_apr\\_13\\_AppraisingRRCorridors.pdf](http://www.irwaonline.org/eweb/upload/web_mar_apr_13_AppraisingRRCorridors.pdf)

## **DNR Appraisal Review Process**

- The DNR Appraisal Review will be started generally within the first week of receipt in the Real Estate Services Section of DNR. The report(s) are date stamped upon arrival.
- When the Review results in questions or concerns, those issues are sent in an e-mail from the Reviewer to the Appraiser with a follow-up phone conversation initiated by the Reviewer within a few days. If as a result of the conversation, additional information is needed, there will be an agreed upon date to provide an electronic submission of the information to the Reviewer – usually within a few days. The Review will be completed based on the information available to the Reviewer from the Appraiser at that agreed upon date.
- The Review of many contract appraisals are reviewed and accepted without need to contact the Appraiser.
- Should there be questions of the Appraiser, it is the Department expectation that the Appraiser will fully cooperate to ensure a helpful and credible product for DNR's use, which includes conformance with all applicable Standards (USPAP and DNR Appraisal Report Standards minimally).
- In cases of two accepted reviews, generally the most credible will be relied upon (no averaging).
- If after consulting with the appraiser(s) the Reviewer is not satisfied with the results, then the Reviewer may supply additional information according to USPAP and in some instances conclude on a different value.
- If an appraiser, landowner or local unit of government feels aggrieved by a change in value, then an appeal process (beyond phone conversation) is available to either provide proof of better comparables (more recent in time or proximate to the subject, for example) and/or meet with staff in Lansing to discuss. A request for such an appeal will be considered if received within 45 days of the date of the letter advising Grantee of the DNR-approved market value.

## **DNR APPRAISAL REPORT FORMAT**

Please follow this outline. It helps us to reliably find information as we need it.

### **Part I – Introduction**

#### **A. Title Page**

1. Name and location of property, **Tax ID**, project, acreage, township, county, ownership and case number if provided. **Include subsurface (mineral) owner's name and contact number if different from surface owner.**
2. Name of appraiser and effective date of the appraisal.

#### **B. Table of Contents**

1. Number every page from cover to cover.
2. List titles and corresponding page numbers.

#### **C. Summary Page**

1. Name of grant project and MNRTF project # if available.
2. Location – road, section, township, county.
3. Ownership identification – **Surface and Subsurface.**
4. Name of appraiser, certification type and number, business address, e-mail address, fax and telephone numbers.
5. Dates of field work – all dates spent in the area for the appraisal.
6. Date of property inspection.
7. Effective date of appraisal – normally last time subject inspected.

8. Reporting format – prominent statement of which kind of report.
  9. Interest being appraised.
  10. Definition of value to be developed in the report.
  11. Purpose of the report.
  12. Intended use and users.
  - 13. Number of splits remaining in the subject parcel.**
  - 14. Survey if available.** Please discuss what steps you took to verify survey.
  15. Size, in acres, unless otherwise specified. Include road and/or water frontage.
  16. A small map, photo or sketch of the subject which illustrates the appraisal problem.
  17. Highest and Best Use conclusion.
  18. Appraised Value.
- D. Statement of Limiting Conditions and Critical Assumptions. While USPAP mandates a statement relative to Extraordinary Assumptions or Hypothetical Conditions, DNR does not want them used unless discussed with DNR first and approved in writing.
  - E. Statement of Co-authorship – acknowledge assistance received by other persons in arriving at the analysis, conclusions or opinions concerning real estate contained in the appraisal report. Statements of co-authorship are not to be construed as a waiver or transfer of responsibility from the certified general appraiser who is under contract.
  - F. Scope of Appraisal – summarize the extent of the process in which data are collected, confirmed and reported to produce credible assignment results. The appraiser should briefly describe the valuation process relied on in the final conclusion of value. Provide adequate location maps and photographs of the subject, including photos calling attention to particular issues identified in your report, where appropriate.

## **Part II – Factual Data**

- A. Purpose – Define value being estimated and property rights appraised.
- B. Exposure time (Excluded when meeting “Yellow Book” UASFLA requirements).
- C. Intended Use and Intended Users.
- D. Function.
- E. Date of Inspection.
- F. Full Legal Description Required.**
- G. Economic Foundation
  1. Market Area Influences – including but not limited to: employment, stability, cultural influences, social, education and aesthetic.
  2. Neighborhood Influences – Describe present neighborhood and land uses, forces evident in regard to change or stability.
  3. Zoning or other Restrictions – Itemize current zoning classification/uses as well as designation of future land use; if different, discuss.
- H. Property Data
  - I. Site:
    1. Current equalized values, assessments, taxable values and annual property tax.
    2. Survey including critical dimensions (if available) or tax map. If landlocked call out adjoining ownership and location of nearest road.
    3. Present use
    4. Topography
    5. Soil and drainage characteristics
    6. Area description
    7. Road frontage or water frontage, and access. Access should be described in detail – legal and actual. Identify nearby county roads.
    8. Ground cover
    9. Utilities
    10. Easements, leases, permits, enrollment in land conservation programs (farmland, forest protection, etc.)
    11. Mineral rights and deposits on subject. **(Identify and discuss on comparables as well.)**

12. History – including offers to buy or sell and listings with asking price in the past 10 years.
  13. Zoning – describe present zoning for the subject including any reasonably probable changes that may influence value. Specific if development potential (legal splits, etc.) Discuss future land use maps or studies if subject is in an interim highest and best use.
  14. Provide names and addresses of all current parties of interest, including co-owners, subsurface rights holders, lessees, licensees, easement holder, etc.
  15. Encroachments – are there any encroachments or unresolved problems affecting the subject? Describe in detail, photograph, and include in your report.
- J. Improvements – include a site plan and a floor plan
1. Major land improvements such as dams, irrigation systems, etc., and minor land improvements such as wells or fencing
  2. Size of any and all structures
  3. Condition and quality
  4. Physical and effective age, functional and economic obsolescence, stigmas, marketability, etc.
  5. Type of construction
  6. Special amenities, utilities, heating/cooling, basements, slabs, etc.
  7. Equipment, if any – describe utility, obsolescence, and repair or replacement requirements.
- K. Hazardous Waste or Property Contamination
1. Fully describe any physical details of the land and improvements which are unusual and indicate possible presence of hazardous waste or contamination, i.e. unvegetated or stained areas, underground tanks, foam insulation, asbestos, transformers and electrical equipment containing PCB's and product and processing materials. Detail your inquiries to, and response of, property owners and/or their representatives. Include their knowledge of past uses of subject property and adjoining properties. Promptly report suspected hazardous waste or contamination problems to the DNR Grant Coordinator. If, in your observation, you find no evidence of hazardous waste or contamination, that statement should be made in this section.
  2. The following statement must be included in your appraisal report. "For purpose of this appraisal assignment the appraiser has been informed by the Michigan Department of Natural Resources that the subject property should be valued under the assumption that the property is free of any and all contaminants. The Department further advises that it intends to reserve its rights to bring cost recovery actions against the present owner of the property arising out of a release of hazardous substances at the property. No evidence of hazardous or toxic waste was observed by the appraiser; however, this appraiser is not versed in nor qualified to detect contaminated conditions. Expert testing should be done, if so desired."

### **Part III – Analysis and Conclusions**

- A. Highest and Best Use – Include a definition of highest and best use and a **thorough** development and determination of this use.
- B. Appraisal Approaches to Value – Consideration should be given to the three standard approaches to value and explained why you did or did not use them.
  1. **Sales Comparison Approach** – based on analysis of recent confirmed comparable sales. Please document how the sales were confirmed. Listings or government sales may be used to **supplement** market sales to gain a broader understanding of the market. The comparable sales analysis section should include:
    - a. A complete data sheet for each comparable in the addendum with all identifying information previously discussed, including the steps taken to verify that information and with whom.
    - b. Compare and discuss the mineral rights of the comparable sales to the subject.**
    - c. Discuss the reliability and similarity of the comparables in general to the subject.
    - d. Sales to or from governmental agencies or condemning authorities should be avoided in favor of arm's length market sales. A government sale could be added as a third or fourth comparable with adequate explanation to establish market forces in the sale.
    - e. Provide a general market analysis of these sales addressing the significant elements of value.
    - f. A comparison of sales with the subject in quantitative (grid or otherwise) format with adjustments where necessary is **required**.

g. A final indication of value.

*NOTE: To the extent which it is possible all sales adjustments should be derived from a cross-comparison (pairing) of sales which consistently reflect these same differences, or from other market sources. Supplemental support should be provided for any adjustment which cannot otherwise be supported through comparative analysis or for adjustments which would be viewed by one's professional peers as being exceptionally large on a percentage basis.*

**2. Income Approach** – It is acknowledged that some form of Gross Rent Multiplier (GRM) or Effective Gross Income Multiplier (EGIM) may be used for single family and less sophisticated investments, otherwise it is expected the income approach will be based on the capitalization of the net income generated from the subject. As such a value estimate by the income approach shall include adequate factual data to support all components of income and expenses. Supporting data should include:

- Estimated market rent or income.
- Allowances for vacancy and credit losses
- An itemized estimate of total expenses including reserves for replacement.

Capitalization of net income shall be at the rate prevailing for this type of property and location. Actual, rather than estimated, rents from the comparable sales should be used whenever possible. The capitalization rate should be derived from the market and all critical information should be explained in narrative form and supported by a statement of sources of rates and factors.

Although it should only be employed in support of the sales comparison approach and not as the sole basis for valuation, when discounted cash flow analysis is being used in the appraisal of vacant land, support should be provided for each of the assumptions made including marketing time, project absorption periods and discount rates.

**3. Cost Approach** – based on replacement or reproduction cost new (whichever would be applicable) of the improvements or building, less applicable depreciation, plus the value of the land (based upon a similar highest and best use). All work shall be in the form of computed data, arranged in sequence, beginning reproduction or replacement costs, and shall state the source, book and page of all figures used. The dollar amounts of physical deterioration and functional and external obsolescence, or the omission of same, shall be explained in narrative form.

**C. Correlation and Final Estimate of Value** – one of the final steps in the analyses and conclusions portion of the report will be a narrative correlation of the indications of value into a final estimate of value. When only one approach is used, the correlation will serve as:

1. A summary of the most pertinent data of the particular approach.
2. The appraiser's conclusion of market value. Provide a summary to explain the strengths and weaknesses of each approach and the weight each is given.

**D. Certification**

**Part IV – Exhibits and Addenda (in this order)**

- **A deed of the subject property.**
- **The Fee Appraisal Request form and/or any other bidding documents used for this assignment.**
- **Any survey(s) available.**
- Sales data sheets detailing buyer/seller information, source of verification, consideration, terms, date of transaction, legal description, description of physical characteristics relative to all elements of adjustment, and income and expense data relative to extraction of overall capitalization rates are required. Indicate if the parcel has mineral or timber value. Explain the steps you took to verify sales and income data. You must have a copy of the public record verifying information in your file or in the report.

- A duplicate copy of the comparable sales location **map** (one sheet) of suitable detail to assist the report's user in visualizing, comparing and locating all properties discussed. (One in the body of the report and one in the Addenda.)
  - Photos of unresolved issues – encroachments, etc.
  - Any maps, plats, deeds, photographs, and other pertinent information not already provided elsewhere in the report.
  - A copy of the completed DNR Appraisal Site Inspection Environmental Checklist
  - A copy of the appraiser's E&O insurance and appraiser's license.
- 

## DNR Basics and Appraisal Standards

- All appraisals must meet Uniform Standards of Professional Appraisal Practice (USPAP) and DNR Appraisal Report Standards. If other standards are required, notice will be provided as a part of the Request for Proposals (RFP) process. If there is federal money involved, Yellow Book Standards will likely be required.
- Appraisers must be on the pre-qualified list to be considered for assignments and must be licensed by the State of Michigan at the Certified General level.
  - Our bids are posted only on [Buy4Michigan](http://www.michigan.gov/micontractconnect) -- <http://www.michigan.gov/micontractconnect>. Please sign up there. The service is free and you will be notified automatically of bid opportunities. **(Not applicable for Local MNRTF Grant Projects.)**
  - Payment from the State of Michigan is done electronically directly into your checking account. Please set that up on Buy4Michigan. **(Not applicable for Local MNRTF Grant Projects.)**
- Market Value should always be sought unless otherwise stated, specifically:
 

*The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.*
- As a reminder, while your staff and appraiser licensees may be utilized on assignments at your discretion, all appraisals must be researched, prepared and signed by the contracted Certified General licensee in conformance with USPAP and USPAP's Competency Rule.
- As Users of your report, we need to understand your reasoned and logical approach to the appraisal problem. Please discuss all relevant factors and your thought process as you move through the appraisal problem to its final solution. *Boilerplate without relevance is strongly discouraged.*
- While all appraisals will undergo a desk review, some will undergo a partial or full field review so it is critical that locations of the subject and comparables be clearly identified through legible maps, legal descriptions and/or use of nearby addresses, landmarks and/or GPS coordinates to aid the reviewer.
- The data sheets of each comparable must be complete as outlined in our Standards. Each comparable, like the subject itself, must be identified with size, shape, dimensions, road frontage/access data, conditions of sale, days on market, verification data, photographs/maps, subsurface rights if appropriate, and a statement regarding potential mineral or timber value, etc.
- **Market sales are required.** While transactions involving governmental units, agencies and/or non-profit conservancies *may* be used to *supplement* the sales comparison analysis, private sector transactions **must** be included. Extreme care should be taken to verify that sales involving governmental units or charitable organizations were in fact reflective of market conditions and indeed "arms-length" transactions. An explanation should be provided verifying the extent to which this has been done. Supplemental comparable listings are encouraged as market indicators to augment actual market sales

data. For sales, please research the total time exposed to the market (perhaps by multiple listing companies or by owner) and verify with deed/affidavits in your file or in the report.

- Reports should be in narrative format (unless otherwise specified.) Provide identifying information on the cover, including location, project name of surface owner and subsurface owner (if different), Tax ID and **MNRTF project number** if available.
- Form reports may be allowed on simpler assignments, and they should try to meet our DNR standards where possible, besides USPAP. (Consult with Review Appraiser.)
- Please be sure and make contact with the owner and offer them the opportunity to join you for the inspection. It is their privilege to accept or reject.
- Your appraisal should include a statement regarding potential for oil and gas, metallic minerals (like copper or iron) and nonmetallic mineral (like sand or gravel) resources and include values where significant potential exists.
- As you also know, appraisers are required to be unbiased and neutral as to the parties to the transaction. Thank you in advance for all of your hard work!

---

APPRAISER'S ACKNOWLEDGMENT OF MDNR APPRAISAL STANDARDS

X \_\_\_\_\_  
Signature

DATE: \_\_\_\_\_

\_\_\_\_\_  
Printed Name

## DNR APPRAISAL REVIEW PROCESS – REFERENCE MATERIAL

Useful Notes from Appraisal Institute October 2011 Class

***Appraising the Appraisal: Appraisal Review*** – Stephanie Coleman, Instructor

- A Code of Ethics and Competency (of the appraiser and the appraisal process) is foundational to USPAP.
  - USPAP says absence of bias is the most important factor in producing a credible report
  - Ethical means the intent to do the right thing
  - Competency means the appraiser has the skill to do the right thing
- USPAP definition of a Review: Opinion of the quality of another appraiser's work.
- Purpose of an Appraisal Review: To reinforce the client's confidence in the credibility of the appraisal and its conclusions. Includes:
  - Testing reasonableness for intended use
  - Testing appropriateness of methods and techniques employed
  - Bolstering appraisal's credibility
  - Aiding client (DNR) in managing risk
  - May lead to enhanced comfort level for decision makers
  - Never intended as a vehicle for nit picking – the benefit of the doubt is always given to the appraiser unless credibility is in question
- USPAP definition of Credibility: Worthy of belief, which is measured in light of the intended use of the report. (The intended use of a report must be discussed and developed with the client and reported in the appraisal – it is a mandatory reporting requirement.)
  - A short list of expectations of a quality appraisal:
    - Well supported and documented
    - Reader can follow the appraiser's thought process
    - Analysis is logical and sensible
    - Analysis and conclusions are credible and convincing to the intended user
  - A short list of warning signs of a problem appraisal:
    - Comparing apples with oranges – using dissimilar comparable properties
    - Carelessness or inconsistencies in report (including describing market as trending in one direction but data in valuation section trends otherwise)
    - Redundancy and information overload
    - Leaps of faith – unsupported or questionable assumptions
    - Unexpected Limiting Conditions – sometimes used to limit liability
    - Selection of key assumptions at the extreme margins of a range
    - Questionable or suspect data
    - *Failure to apply a test of reasonableness before finalizing the value.*
- Section of report most often misunderstood or inadequate: Highest and Best Use.

## APPENDIX B: PREPARING A DECLARATION AND NOTICE

### *REQUIRED FORMAT*

#### Legal Format Requirements for a Declaration and Notice:

- The minimum type size for real estate documents is 10-point type.
- The weight of the paper must be at least 20 pounds.
- The document must be black ink on white paper.
- There is a mandatory 2.5" margin at the top of the first page with ½" margins on the other three sides and ½" minimum margins on attached pages.
- The type, or title, of the document must be identified on the first line of print and only one document type will be indexed per recording.
- The documents and any attachments must be a minimum 8.5" x 11" and maximum 8.5" x 14."

## DECLARATION AND NOTICE

### REQUIRED CONTENT

This Declaration made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_, a Michigan municipal corporation, (address), (hereafter called (name)), being the owner of all the property described as (insert legal description) herein after referred to as the Property, attached hereto, located in the (name of local unit, \_\_\_\_\_ County), Michigan, hereby makes the following declaration regarding uses to which the property may be put.

WITNESSETH:

The declaration contained herein is based on the following factual recitals:

- A. (*Grantee*) purchased the Property, in part, through the grant of money from the Michigan Natural Resources Trust Fund.
- B. As a condition of the grant by the Michigan Department of Natural Resources, (*grantee*) has agreed to impose certain restrictions on the Property purchased.

**NOW, THEREFORE**, the (*grantee*) hereby declares that the Property is and shall be held, transferred, sold, conveyed, leased, occupied and used subject to the obligation hereinafter set forth, all of which shall run with the land.

The lands included in this deed were acquired by (*grantee*) with funding assistance from the Michigan Natural Resources Trust Fund pursuant to project agreement TF\_\_ - \_\_ between the Michigan Department of Natural Resources and (*grantee*), executed on (*date*). The project agreement describes certain requirements to ensure the long-term conservation of the property and its use for public outdoor recreation. (*Grantee*) is placing this notice on record as confirmation of its obligations as set forth in the project agreement, including the requirement that the consent of the Michigan Department of Natural Resources and the Michigan Natural Resources Trust Fund Board of Trustees is required prior to the conveyance of any rights or interest in the property to another entity, or for the use of the property for purposes other than conservation or public outdoor recreation.

Name of Local Unit

By: \_\_\_\_\_.

(continued on next page)



## APPENDIX C: PREPARING A MINERAL ROYALTY INTEREST DEED

### *REQUIRED FORMAT*

#### Legal Format Requirements for a Mineral Royalty Interest Deed:

- The minimum type size for real estate documents is 10-point type.
- The weight of the paper must be at least 20 pounds.
- The document must be black ink on white paper.
- There is a mandatory 2.5" margin at the top of the first page with ½" margins on the other three sides and ½" minimum margins on attached pages.
- The type, or title, of the document must be identified on the first line of print and only one document type will be indexed per recording.
- The documents and any attachments must be a minimum 8.5" x 11" and maximum 8.5" x 14."

#### Guidance for Preparing a Mineral Royalty Interest Deed:

- The mineral royalty interest deed must be a warranty deed.
- The name of each person who executes or notarizes the deed must be printed, typewritten, or stamped immediately beneath the signature of the person.
- The address of each person executing the deed shall be printed, typewritten, or stamped upon the face of the document.
- No discrepancy can exist between the name of the person as it appears in the body of the deed (printed, typewritten, or stamped) and the signature of such person.
- The grantor of the mineral royalty interest is the local unit of government.
- The grantee, or the recipient of the royalty interest, is the State of Michigan. The address for the State of Michigan must be legibly printed or typed on the deed. The address should be:

REAL ESTATE SERVICES SECTION, FINANCE AND OPERATIONS DIVISION  
MICHIGAN DEPARTMENT OF NATURAL RESOURCES  
PO BOX 30448  
LANSING, MICHIGAN 48909-7948

- The deed must contain the name and business address of the person who drafted the document.
- The legal description attached to the deed must match the warranty deed for the property, appraisal, *Statement of Just Compensation* document, project agreement and title insurance.

**REQUIRED CONTENT**

**WARRANTY DEED (State Bar of Michigan Form)**

The Grantor(s) *(name of the city, village, township or county that received the MNRTF grant)*

convey and warrant to the **STATE OF MICHIGAN**

whose address is **Post Office Box 30448, Lansing, Michigan 48909-7948**

the following described premises situated in the **Township of \_\_\_\_\_,**

**County of \_\_\_\_\_ and State of Michigan.**

SUBJECT TO easements and building and use restrictions of record (if any).

GRANTORS CONVEY a perpetual nonparticipating royalty equal to 1/6 of the gross proceeds of sale of all oil and/or gas and other minerals produced and saved in any combination from the mineral rights described in **Exhibit A**. This conveyed royalty shall be determined and paid pursuant to the terms specified in **Exhibit B**.

The terms of this conveyance shall extend to the heirs, executors, administrators, successors, and assigns of the parties hereto.

Tax ID No. \_\_\_\_\_

For and in consideration of

Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

Signed By:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed Name

\_\_\_\_\_  
Title

(Continued on next page)



**MINERAL ROYALTY INTEREST DEED - REQUIRED CONTENT (Continued)**

**Exhibit "A" of the Mineral Interest**

Attached to and made a part of that Warranty Deed (covering Minerals) dated \_\_\_\_\_ from \_\_\_\_\_ as grantor to the State of Michigan as grantee.

Description of the lands covered (legal description) and the attached boundary map:

containing \_\_\_\_\_ mineral acres more or less.

The royalty interest pertains to the following existing mineral lease(s) that transferred to the grantor with acquisition of the mineral rights:

\_\_\_\_\_ lease (indicate the mineral type of the existing lease - oil and gas, sand, gravel, etc.)  
with \_\_\_\_\_ (name of the lessee)  
dated \_\_\_\_\_ and recorded in Liber \_\_\_\_\_, Page \_\_\_\_\_, \_\_\_\_\_ County records.

(Continued on next page)

**MINERAL ROYALTY INTEREST DEED - REQUIRED CONTENT (Continued)**

**Exhibit "B" of the Mineral Interest**

**NONPARTICIPATING OIL AND GAS ROYALTY PAYMENT TERMS - (Continued)**

1. Definitions:

- a. "Gas" means a mixture of hydrocarbons and varying quantities of nonhydrocarbons in a gaseous state which may or may not be associated with oil, including those liquids resulting from condensation; including, but not limited to, natural gas and casinghead gas.
- b. "Gross Proceeds" means the total moneys and other consideration accruing to an oil and gas Lessee for the disposition of the oil, gas, or plant products produced. Gross proceeds includes, but is not limited to, payments to the Lessee for certain services such as compression, dehydration, measurement, and/or gathering which the Lessee is obligated to perform at no cost to the Nonparticipating Royalty Owner to place lease products in marketable condition. Where lease products are sold to an affiliated person or entity, gross proceeds are equivalent to the gross proceeds derived from, or paid under, comparable arm's-length contracts for purchases, sales, or other dispositions of like-quality lease products from the same field or area. In evaluating the comparability of arm's-length contracts for purposes of this Agreement, the following factors shall be considered: price, time of execution, duration, market or markets served, terms, quality, volume, posted prices, prices received for arm's-length spot sales, other reliable public sources of price or market information, and such other factors as may be appropriate.
- c. "Lease Products" means any leased minerals attributable to, originating from, or allocated to this Lease.
- d. "Marketable Condition" for gas means sufficiently free from impurities, except CO<sub>2</sub>, H<sub>2</sub>S, and N<sub>2</sub>, and otherwise in a condition that it will be accepted by a purchaser under a sales contract typical for the field or area.
- e. "Marketable Condition" for oil means sufficiently free from impurities and otherwise in a condition that it will be accepted by a purchaser under a sales contract typical for the field or area.
- f. "Oil" means natural crude oil or petroleum and other hydrocarbons, regardless of gravity, which are produced at the well in liquid form by ordinary production methods and which are not the result of condensation of gas after it leaves the underground reservoir, including, but not limited to, oil, casinghead gasoline, drip gasoline and natural gasoline extracted from natural gas.

2. Royalties:

The Nonparticipating Royalty shall be determined and paid as follows:

- a. The Nonparticipating Royalty Owner shall be paid a royalty equal to one-sixth (1/6<sup>th</sup>) of the gross proceeds of sale of all oil and/or gas produced and saved in any combination from the leased premises as further set forth below. The lease products shall be placed in marketable condition at no cost to the Nonparticipating Royalty Owner. The value of gross proceeds shall be increased to the extent that the gross proceeds have been reduced because the purchaser, or any other person, is providing certain services the cost of which is the responsibility of the Lessee to place lease products in marketable condition.
- b. At the sole option of the Nonparticipating Royalty Owner, and in lieu of royalty payments upon oil and/or gas produced and saved, the Nonparticipating Royalty Owner shall be delivered the credit free of cost up to one-sixth (1/6<sup>th</sup>) part of all oil and/or gas produced and saved under the terms of the Lease to facilities to which the wells may be connected.

(Continued on next page)

**MINERAL ROYALTY INTEREST DEED - REQUIRED CONTENT (Continued)**

**NONPARTICIPATING ROYALTY PAYMENT TERMS - (Continued)**

- c. Payments specified must be made on or before the twenty-fifth (25th) day of the first month following oil production sale or the second month following gas and/or plant products sale. Payments made after the due date shall include interest at the rate of 1.5% per month, or at the maximum legal rate, whichever is less, on the amount of royalty unpaid. A full month's interest will be charged for late payments received during any portion of the month in which late payment is received.
- d. Should oil be produced from any well, the gross proceeds of sale of lease products of such oil shall be free to the Nonparticipating Royalty Owner of any cost to whichever point is first encountered: 1) the point of sale to an independent nonaffiliated third party purchaser; or 2) to an affiliated purchaser, provided the sale is at prevailing market rates; or 3) the point of entry into an independent nonaffiliated third party owned pipeline system; or 4) the point of entry into an affiliate-owned pipeline system, provided transportation rates are at prevailing market rates. Upon request by the Nonparticipating Royalty Owner, written justification of charges must be submitted and agreed to in writing by the Nonparticipating Royalty Owner.
- e. Should gas, including casinghead gas, be produced and saved from any well, the gross proceeds of sale of lease products of said gas shall be free to the Nonparticipating Royalty Owner of any cost to whichever point is first encountered: 1) the point of entry into a facility to remove CO<sub>2</sub>, H<sub>2</sub>S, and N<sub>2</sub>, or obtain plant products; or 2) the point of entry into an independent nonaffiliated third party-owned pipeline system; or, 3) the point of entry into a pipeline system owned by a gas distribution company, or any subsidiary of such gas distribution company, which is regulated by the Michigan Public Service Commission; or 4) the point of entry into an affiliated pipeline system, if the rates charged by such pipeline system have been approved by the Michigan Public Service Commission, or if the rates charged are reasonable, as compared to independent pipeline systems, based on such pipeline system's location, distance, cost of service and other pertinent factors. Upon request by the Nonparticipating Royalty Owner, written justification of charges must be submitted and agreed to in writing by the Nonparticipating Royalty Owner.
- f. All royalties accruing to the Nonparticipating Royalty Owner herein shall be without deduction of any costs incurred except as agreed herein. Nonparticipating Royalty Owner's royalty is to be free and clear of all costs, claims, charges and expenses of any nature, including third party post-production costs on or off the premises except as herein provided, and except for the reasonable costs of CO<sub>2</sub>, H<sub>2</sub>S, and N<sub>2</sub> removal there shall be no deduction for the cost of gathering, separating, dehydrating, compressing or treating the gas to make it marketable. There shall be no deduction for transportation costs prior to entry of gas into a pipeline system as set forth in 2.f. (2) through (4) without the prior written consent of the Nonparticipating Royalty Owner.

As the State of Michigan is not liable for any taxes, no deduction for any taxes may be made in computing the Nonparticipating Royalty to the State.

**APPENDIX D: DOCUMENTS (FORMS)**

**STATEMENT OF JUST COMPENSATION** (*PR1908-1*)

**OFFER TO PURCHASE** (*PR1908-8*)

**OFFER TO PURCHASE (WITH LAND DONATION)/WAIVER OF JUST COMPENSATION** (*PR1908-2*)

**SELLER'S WAIVER OF REIMBURSEMENT OF INCIDENTAL EXPENSES** (*PR1908-3*)

**CLOSING STATEMENT** (*PR1908-9*)

**ACQUISITION PROJECT REIMBURSEMENT REQUEST** (*PR1922*)



Michigan Department of Natural Resources - Grants Management  
Michigan Natural Resources Trust Fund Program

**STATEMENT OF JUST COMPENSATION**

Required By Act 451, P.A. 1994, as amended, and Act 227 of 1972. Submission is required for payment/reimbursement.

This document is used for land acquisition grants under the Michigan Natural Resources Trust Fund (MNRTF). A separate *Statement of Just Compensation* form is required for each seller. Upon completion of the *Statement of Just Compensation* form by the local government and the landowner(s), signature by the local unit of government's representative and all landowners (or their legal representative) is required.

**SECTION A: PROJECT DESCRIPTION (to be completed by the local government)**

MNRTF Project Number: <b>TF</b>	MNRTF Project Title:
Grantee (local government pursuing the acquisition):	Name of Grantee's Representative:
Project Description/Purpose of the acquisition: _____	
Acreage to be acquired:	County of the real property:
Owners of the real property based on title records: a. _____ b. _____ c. _____	

**SECTION B: LEGAL DESCRIPTION (to be completed by the local government)**

A legal description for the real property must be attached to this *Statement of Just Compensation* form and reviewed by the landowner(s) and local unit of government before the *Statement of Just Compensation* form is signed.

**SECTION C: JUST COMPENSATION (to be completed by the local government)**

Just compensation takes into consideration the location of the property, its highest and best use, and current land sales of similar properties. An increase or decrease in the market evaluation caused by the public improvement or the project for which the property is to be acquired, or by the likelihood that the property would be acquired for such improvement or project, other than that due to the physical deterioration of the property within the reasonable control of the owner, has been disregarded in making the determination of just compensation.

1. Just Compensation, which is the Michigan Department of Natural Resources-Approved Market Value, has been identified as: **\$**

2. Just Compensation includes amounts for the land, improvements, severance, if any, and other elements, as follows:

Land and Improvements:	\$	<input type="checkbox"/> Amount includes buildings, structures or other improvements
Less Damage to the Remainder:	\$	
Less/Plus Other:	\$	
<b>Total:</b>	<b>\$</b>	Must be amount shown in Section C (1) above

**SECTION D: FEE SIMPLE TITLE (to be completed by the local government)**

**ONE OF THE FOLLOWING BOXES MUST BE CHECKED:**

Acquisition will be of fee simple title free of all liens, encumbrances, and restrictions and with no interests reserved by the landowner.

**OR**

Acquisition is subject to the following easements or restrictions or interests or rights to be reserved by the landowner. \*

Describe below:

\_\_\_\_\_

\_\_\_\_\_

\* **IMPORTANT** – All easements, restrictions, and reservations of interests by the landowner must have prior approval by the DNR. If this box is checked, the local unit of government should not proceed with the acquisition without written approval from the DNR.

STATEMENT OF JUST COMPENSATION (Continued)

**SECTION E: OCCUPANTS (to be completed by the landowner)**

The following persons are occupying the property as separate households or are conducting business activities:

1. Name of Occupant	2. Name of Occupant	3. Name of Occupant
Address of Occupant	Address of Occupant	Address of Occupant
City State ZIP code	City State ZIP code	City State ZIP code
TYPE OF OCCUPANCY: <input type="checkbox"/> Household <input type="checkbox"/> Lease <input type="checkbox"/> Business <input type="checkbox"/> Rental	TYPE OF OCCUPANCY: <input type="checkbox"/> Household <input type="checkbox"/> Lease <input type="checkbox"/> Business <input type="checkbox"/> Rental	TYPE OF OCCUPANCY: <input type="checkbox"/> Household <input type="checkbox"/> Lease <input type="checkbox"/> Business <input type="checkbox"/> Rental

**SECTION F: GRANTEE CERTIFICATION (to be completed by the local government)**

- In compliance with Section 301 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646, just compensation has been identified for the real property identified above.
- The Just Compensation amount is based upon a DNR-approved appraisal prepared for the local government and is not less than the appraiser's opinion of market value that he/she determined after a personal inspection of the property.
- The landowners were given the opportunity to accompany the appraiser.
- The local unit of government is prepared to commence with negotiations for the purchase of this property.
- The local government will pay all incidental costs associated with the acquisition, unless the landowner(s) waives this requirement in writing.
- This is NOT an offer to purchase.

\_\_\_\_\_  
 Grantee's Representative Signature

\_\_\_\_\_  
 Date

**SECTION G: LANDOWNER(S) CERTIFICATION (to be completed by the landowner)**

- I was offered the opportunity to accompany the appraiser over the subject land.
- I have received a copy of this *Statement of Just Compensation* form, fully reviewed it, and have been advised of my rights under P.L. 91-646.
- By signing of this statement, I acknowledge that I have completed Sections E and G. My signature acknowledges receipt of the completed Statement of Just Compensation form and places me under no obligation.**

**LANDOWNER(S) SIGNATURES:**

I or my representative  DID  DID NOT accompany the appraiser. (ONE OF THESE BOXES MUST BE CHECKED)

\_\_\_\_\_  
 a) Landowner or Owner's Legal Representative Signature

\_\_\_\_\_  
 Date

I or my representative  DID  DID NOT accompany the appraiser. (ONE OF THESE BOXES MUST BE CHECKED)

\_\_\_\_\_  
 b) Landowner or Owner's Legal Representative Signature

\_\_\_\_\_  
 Date

I or my representative  DID  DID NOT accompany the appraiser. (ONE OF THESE BOXES MUST BE CHECKED)

\_\_\_\_\_  
 c) Landowner or Owner's Legal Representative Signature

\_\_\_\_\_  
 Date

This completed and signed document must be submitted with the Reimbursement Package to:

Grants Management  
 Michigan Department of Natural Resources  
 PO Box 30425  
 Lansing MI 48909-7925



Michigan Department of Natural Resources - Grants Management  
Michigan Natural Resources Trust Fund Program

**OFFER TO PURCHASE**

*Required By Act 451, P.A. 1994, as amended, and Act 227 of 1972. Submission required for payment/reimbursement.*

This *Offer to Purchase* form is used for land acquisition grants under the Michigan Natural Resources Trust Fund (MNRTF) when the Cash Compensation amount is at least equal to the Just Compensation/Offer to Purchase amount. A separate *Offer to Purchase* form is required for each seller. Upon completion of the *Offer to Purchase* form by the Local Government/Buyer and the Landowner/Seller(s), signature by the local unit of government's representative and all landowners (or their legal representative) is required. An alternative to this document may be used if it contains the same information.

**SECTION A: PROJECT DESCRIPTION (to be completed by the local government)**

MNRTF Project Number: <b>TF</b>	MNRTF Project Title:
------------------------------------	----------------------

**SECTION B: BUYER INFORMATION (The Buyer is the MNRTF grantee/local government pursuing the acquisition)**

Name of Local Government/Buyer:	Name of Local Government/Buyer's Representative:
Address of Local Government/Buyer:	City State ZIP

**SECTION C: SELLER(S) INFORMATION (Owners of the real property based on title records)**

1. Name of Seller	2. Name of Seller	3. Name of Seller
Address of Seller	Address of Seller	Address of Seller
City State ZIP	City State ZIP	City State ZIP

**SECTION D: LEGAL DESCRIPTION (to be completed by the local government)**

A legal description for the real property must be attached to this *Offer to Purchase* form and reviewed by the landowner(s) and local unit of government before the *Offer to Purchase* form is signed.

**SECTION E: JUST COMPENSATION (to be completed by the local government)**

Just Compensation, which is the Michigan Department of Natural Resources-Approved Market Value, has been identified as: \$

**SECTION F: OFFER TO PURCHASE PRICE (to be completed by the local government)**

An Offer to Purchase has been made in the amount of (DNR-approved market value or higher): \$

**SECTION G: LOCAL GOVERNMENT/BUYER CERTIFICATION**

**By signing this statement, the Local Government/Buyer offers to purchase the property for the price listed in Section F and to pay the incidental closing costs, unless waived by the Landowner/Seller.**

\_\_\_\_\_  
*Local Government's Representative Signature* Date

**SECTION H: LANDOWNER/SELLER(S) CERTIFICATION**

**By signing this statement, the Landowner/Seller(s) certifies the following:**

- I have been provided with a Statement of Just Compensation.
- I accept this Offer to Purchase.

a) Landowner or Owner's Legal Representative	Date
b) Landowner or Owner's Legal Representative	Date
c) Landowner or Owner's Legal Representative	Date

**This completed and signed document must be submitted with the Reimbursement Package to:**  
Grants Management  
Michigan Department of Natural Resources  
Po Box 30425  
Lansing MI 48909-7925



Michigan Department of Natural Resources - Grants Management  
Michigan Natural Resources Trust Fund Program

**SELLER'S WAIVER OF REIMBURSEMENT OF INCIDENTAL EXPENSES**

Required By Act 451, P.A. 1994, as amended, and Act 227 of 1972. Submission required for payment/reimbursement.

This document is to be used for land acquisition grants under the Michigan Natural Resources Trust Fund (MNRTF). A separate document is required for each seller. Upon completion of the document by the local government and the landowner(s), signature by all landowners (or their legal representative) is required.

**SECTION A: PROJECT DESCRIPTION (to be completed by the local government)**

MNRTF Project Number: <b>TF</b>	MNRTF Project Title:
Grantee (local government pursuing the acquisition):	

**SECTION B: SCHEDULE OF INCIDENTAL EXPENSES (to be completed by the local government)**

The landowner (seller) is eligible to receive reimbursement from the local government (buyer) for the following incidental expense:

Item	Amount
Recording Fees	\$
Transfer Tax	\$
Title Insurance	\$
Appraisal	\$
Prorated Taxes	\$
Closing fees (excluding attorney fees)	\$
	\$
<b>Total ELIGIBLE Incidental Expenses</b>	<b>\$</b>

**SECTION C: WAIVED INCIDENTAL EXPENSES (to be completed by the landowner)**

Of the incidental expenses listed under Section B, the landowner has agreed to waive reimbursement of:

**All** incidental expenses; OR

**The following incidental expenses:**

Item	Amount
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
<b>Total WAIVED Incidental Expenses</b>	<b>\$</b>

**SECTION D: LANDOWNER/SELLER(S) CERTIFICATION (to be completed by the landowner/seller)**

By signing this document, I certify that of my own choice, I have elected to waive reimbursement for the incidental expenses listed under Section C, for the following reasons:

\_\_\_\_\_

**LANDOWNER(S) SIGNATURE:**

a) \_\_\_\_\_ *Landowner/Seller or Landowner's/Seller's Legal Representative Signature* \_\_\_\_\_ *Date*

b) \_\_\_\_\_ *Landowner/Seller or Landowner's/Seller's Legal Representative Signature* \_\_\_\_\_ *Date*

c) \_\_\_\_\_ *Landowner/Seller or Landowner's/Seller's Legal Representative Signature* \_\_\_\_\_ *Date*

This completed and signed document must be submitted with the Reimbursement Package to:

Grants Management  
Michigan Department of Natural Resources  
PO Box 30425  
Lansing MI 48909-7925

**MICHIGAN NATURAL RESOURCES TRUST FUND - ACQUISITION PROJECT PROCEDURES**



Michigan Department of Natural Resources - Grants Management  
Michigan Natural Resources Trust Fund Program

**OFFER TO PURCHASE (WITH LAND DONATION)/WAIVER OF JUST COMPENSATION**

*Required By Act 451, P.A. 1994, as amended, and Act 227 of 1972. Submission required for payment/reimbursement.*

This document is to be used for land acquisition grants under the Michigan Natural Resources Trust Fund (MNRTF) when the acquisition includes donation of land value. A separate *Offer to Purchase (with Land Donation)/Waiver of Just Compensation* form is required for each seller. Upon completion of the document by the Local Government/Buyer and the Landowner/Seller(s), signature by the local government and all of the landowners (or their legal representative) is required.

**SECTION A: PROJECT DESCRIPTION (to be completed by the local government)**

MNRTF Project Number: <b>TF</b>	MNRTF Project Title:
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**SECTION B: Buyer Information (The Buyer is the MNRTF grantee/local government pursuing the acquisition)**

Name of Local Government/Buyer:	Name of Local Government/Buyer's Representative:
Address of Local Government/Buyer:	City State ZIP

**SECTION C: Landowner/Seller(s) Information (Owners of the real property based on title records)**

1. Name of Landowner/Seller	2. Name of Landowner/Seller	3. Name of Landowner/Seller
Address of Landowner/Seller	Address of Landowner/Seller	Address of Landowner/Seller
City State ZIP code	City State ZIP code	City State ZIP code

**SECTION D: Legal Description (to be completed by the local government)**

A legal description for the real property must be attached to this document and reviewed by the landowner(s) and local unit of government before the document is signed.

**SECTION E: Just Compensation (to be completed by the local government)**

Just Compensation, which is the Michigan Department of Natural Resources-Approved market value, has been identified as: \$

**SECTION F: Offer To Purchase Price (to be completed by the local government)**

An Offer to Purchase has been made in the amount of (DNR-Approved market value or higher): \$

**SECTION G: Cash Compensation And Value Of Land Donation (to be completed by the landowner)**

1. The landowner has voluntarily agreed to accept Cash Compensation in the amount of: \$

2. The difference between the Just Compensation/Offer to Purchase Amount and the Cash Compensation Amount is: \$  
(This represents a donation of land value from the Landowner/Seller(s) to the Local Government/Buyer)

**SECTION H: LOCAL GOVERNMENT/BUYER CERTIFICATION**

**By signing this document , the Local Government/Buyer certifies the following:**

1. The Local Government/Buyer as listed in Section B offers to purchase the property described under Section D for the purchase price listed in Section F and to pay the incidental closing costs, unless waived by the Landowner/Seller(s).
2. Cash compensation in the amount listed in Section G will be provided at the time of closing. The difference in the Just Compensation/Offer to Purchase price and the Cash Compensation amount as listed in Section G represents a donation of land value.
3. The value of the land donation may be used by the local government to meet all or a portion of their match obligations for the MNRTF grant, with prior approval from the Michigan Department of Natural Resources and the MNRTF Board. Approved land donation will, at the time of closing, be a credit to the Local Government/Buyer and a debit to the Landowner/Seller(s).

Local Government's Representative Signature: \_\_\_\_\_ Date \_\_\_\_\_

OFFER TO PURCHASE (WITH LAND DONATION)/WAIVER OF JUST COMPENSATION (Continued)

**SECTION I: LANDOWNER/SELLER(S) CERTIFICATION (to be completed by the landowner/seller)**

By signing this document, the Landowner/Seller(s) certifies the following:

1. I have been provided with a Statement of Just Compensation.
2. Of my own choice, I have elected to accept the Cash Compensation Amount listed in Section G.1., which is less than the Just Compensation/Offer to Purchase price, as based on the DNR-approved market value. The difference represents a donation of land value to the Local Government/Buyer. I understand that the value of the land donation may be used by the local government to meet their match obligations for a MNRTF grant with prior approval of the DNR.
3. I accept this Offer to Purchase and the Cash Compensation Amount.
4. The reason(s) I am accepting cash compensation in an amount less than the Just Compensation/Offer to Purchase is:

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a) \_\_\_\_\_ *Landowner/Seller or Landowner's/Seller s Legal Representative Signature* \_\_\_\_\_ *Date*

b) \_\_\_\_\_ *Landowner/Seller or Landowner's/Seller s Legal Representative Signature* \_\_\_\_\_ *Date*

c) \_\_\_\_\_ *Landowner/Seller or Landowner's/Seller s Legal Representative Signature* \_\_\_\_\_ *Date*

This completed and signed document must be submitted with the Reimbursement Package to:

Grants Management  
Michigan Department of Natural Resources  
PO Box 30425  
Lansing MI 48909-7925

**MICHIGAN NATURAL RESOURCES TRUST FUND - ACQUISITION PROJECT PROCEDURES**



Michigan Department of Natural Resources - Grants Management  
Michigan Natural Resources Trust Fund Program

**CLOSING STATEMENT**

*Required By Act 451, P.A. 1994, as amended, and Act 227 of 1972. Submission is required for payment/reimbursement.*

This document is to be used for land acquisition grants under the Michigan Natural Resources Trust Fund (MNRTF). A separate document is required for each seller. Upon completion of the document by the local government and the landowner(s), signature by the local unit of government's representative and all landowners (or their legal representative) is required. An alternative to this document may be used if it contains the same information.

**PROJECT DESCRIPTION**

MNRTF Project Number: <b>TF</b>	MNRTF Project Title:
Grantee (local government pursuing the acquisition):	Name of Grantee's Representative:
Owner(s) of the real property based on title records: a. _____ b. _____ c. _____	

**BUYER'S STATEMENT**

**CHARGES (Debits)**

Description	Amount
Purchase Price	\$
Title Insurance	\$
Prorated Summer Taxes*	\$
Prorated Winter Taxes*	\$
Recording Fees	\$
Revenue Stamps	\$
Closing Fee (excluding attorney fees)	\$
<b>TOTAL CHARGES</b>	<b>\$</b>

**CREDITS**

Option	\$
Miscellaneous (including Land Donation)	\$
	\$
	\$
<b>TOTAL CREDITS</b>	<b>\$</b>

**BALANCE DUE COMPUTATION**

TOTAL CHARGES	\$
LESS TOTAL CREDITS	\$
<b>BALANCE DUE</b>	<b>\$</b>

\* Taxes paid that are allocable to a period subsequent to vesting of title in the buyer or effective date of possession by the buyer, whichever is earlier.  
*I/We consider the foregoing to be correct accounting and hereby acknowledge that I/we have received a copy of this closing statement.*

\_\_\_\_\_  
*Buyer's Representative Signature* Date

**SELLER'S STATEMENT**

**CHARGES (Debits)**

Description	Amount
Title Insurance	\$
Revenue Stamps	\$
Prorated Summer Taxes	\$
Prorated Winter Taxes	\$
Recording Fees	\$
Miscellaneous (including Land Donation)	\$
	\$
<b>TOTAL CHARGES</b>	<b>\$</b>

**CREDITS**

Purchase Price	\$
Prorated Summer Taxes	\$
Prorated Winter Taxes	\$
Miscellaneous	\$
<b>TOTAL CREDITS</b>	<b>\$</b>

**NET DUE COMPUTATION**

TOTAL CREDITS	\$
LESS TOTAL CHARGES	\$
<b>NET DUE</b>	<b>\$</b>

*I/We consider the foregoing to be correct accounting and hereby acknowledge that I/we have received a copy of this closing statement.*

\_\_\_\_\_  
*Landowner/Seller or Legal Representative Signature* Date

\_\_\_\_\_  
*Landowner/Seller or Legal Representative Signature* Date

\_\_\_\_\_  
*Landowner/Seller or Legal Representative Signature* Date

This completed and signed document must be submitted with the Reimbursement Package to:  
Grants Management  
Michigan Department of Natural Resources  
PO Box 30425  
Lansing MI 48909-7925

**MICHIGAN NATURAL RESOURCES TRUST FUND - ACQUISITION PROJECT PROCEDURES**



Michigan Department of Natural Resources - Grants Management  
Michigan Natural Resources Trust Fund Program

**ACQUISITION PROJECT REIMBURSEMENT REQUEST**

Required By Act 451, P.A. 1994, as amended, and Act 227 of 1972. Submission is required for payment/reimbursement.

This document is to be used for land acquisition grants under the Michigan Natural Resources Trust Fund (MNRTF) to request reimbursement for grant costs incurred. A separate request is required for each seller.

**PROJECT DESCRIPTION**

MNRTF Project Number <b>TF</b>		MNRTF Project Title			
Grantee (local government pursuing the acquisition)		Name of Grantee's Representative		Grantee's Federal Identification No.	
Address of Grantee's Representative:				Telephone No. of Grantee's Representative	
City		State	ZIP	County	
Owner(s) of the real property based on title records:					
a. _____		b. _____		c. _____	
a. The project consists of acquisition from: (Check one) <input type="checkbox"/> A SINGLE SELLER <input type="checkbox"/> MULTIPLE SELLERS					
b. If there are multiple sellers, have all parcels in the project area been acquired? (Check one) <input type="checkbox"/> Yes <input type="checkbox"/> No					
c. If there are multiple sellers, have all reimbursement requests been submitted? (Check one) <input type="checkbox"/> Yes <input type="checkbox"/> No					
If NO has been checked for either 7.b. or 7.c., include a letter of explanation and status on the remaining parcels <b>The Department of Natural Resources (DNR) may delay payment processing until the entire project area has been acquired.</b>					
Acres acquired (this seller):		Total acres acquired (all sellers):		Waterfront acquired this seller:	
				(in linear feet)	
DNR-approved Market Value (this seller):		Purchase Price (including value of any approved land donation) for this seller:			
\$		\$			

**REIMBURSEMENT REQUEST INFORMATION**

This request is for (check one)  PARTIAL PAYMENT (multiple purchases only)  FINAL PAYMENT

**In the following table list all the incidental expenses for this parcel which are eligible for reimbursement. Refer to the Acquisition Project Procedures booklet for guidance on eligible costs.**

	AMOUNT PAID	INVOICE / RECEIPT #	CANCELLED CHECK #	DNRE USE ONLY
Recording Fees				
Transfer Tax				
Title Insurance				
Appraisal(s)				
Prorated Taxes *				
Sign (including photo)				
Closing fees (excluding attorney fees)				
Title Search				
Environmental Assessment Costs				
<b>TOTAL</b>				

\*Taxes paid that are allocable to a period subsequent to vesting of title in the agency or effective date of possession by the agency, whichever is earlier.

I certify that all provisions of the MNRTF Program have been followed for the acquisition of land listed above. Further, the information listed above is true, correct, and complete and lists all incidental costs to which the seller(s) are entitled under P.L. 91-646 and P.A. 227 of 1972.

\_\_\_\_\_  
Signature of Grantee's Representative

\_\_\_\_\_  
Date

**ACQUISITION PROJECT REIMBURSEMENT REQUEST (continued)**

**ACQUISITION PROJECT REIMBURSEMENT REQUEST (continued)**

Submit this document with **all required attachments** as explained in the **Acquisition Project Procedures** booklet, including a copy of the recorded property deed, the original recorded mineral deed or royalty interest, documentation of expenditures (cancelled checks), a boundary map, and all required documents to:

**Grants Management  
Michigan Department of Natural Resources  
PO Box 30425  
Lansing MI 48909-7925**

<b>FOR MICHIGAN DNR USE ONLY</b>	
Total acquisition expenditures for property listed on this billing (including incidental costs eligible under P.L. 91-646) or State-approved appraisal amount, whichever is less:	\$
Michigan Natural Resources Trust Fund Grant Amount:	\$
Michigan Natural Resources Trust Fund portion, which is at least _____%, of total acquisition expenditures:	\$
Less _____ % Pending Audit:	\$
Amount Due:	\$
<div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 60%; border-top: 1px solid black; text-align: center;">SIGNATURE, DNR PAYMENT OFFICER</div> <div style="width: 35%; border-top: 1px solid black; text-align: center;">DATE</div> </div> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 60%; border-top: 1px solid black; text-align: center;">SIGNATURE, DNR GRANT COORDINATOR</div> <div style="width: 35%; border-top: 1px solid black; text-align: center;">DATE</div> </div>	