



Purchased Easements: More Frequently Asked Questions

1. What are the eligibility requirements for participating in MFT's Purchased Easement Program?

MFT will consider projects that meet the following standards:

- The landowner, or another person, is operating a farm on the property, or, if the property is to be sold, the prospective buyer will operate a farm on the property.
- The bulk of MFT's compensation for the easement will flow to new investment in farm operations, to pay down farm-related debt, or to make the property more affordable for an incoming farmer.
- The farm generates at least \$10,000 in sales of agricultural products (excluding wood products) annually. Or, if the property is being transitioned to an incoming farmer, a plan must be in place to meet this threshold in the coming year.

Beyond this, MFT will give preference to projects where:

- At least half of the acreage on the property is in farmland soils of Prime, Statewide, or Local Importance AND at least one-third of the acreage is open.
- Other funders are participating in the project, contributing toward the purchase of the easement.

2. How much will I be compensated for an easement?

There are three different ways that MFT calculates your compensation. Two involve appraisals and one involves a formula.

- An appraisal is required wherever MFT is using state or federal funds. The maximum compensation will be the value of the easement, as determined by that appraisal. Yet in many cases, you will be asked to consider a "bargain sale," whereby you will receive a lesser amount (perhaps 70%-90% of the appraised easement value). Appraisals are expensive and time-consuming. Beyond this, projects that involve funding from a state or federal program are often more complicated and take longer.
- To simplify projects, MFT tries to determine compensation without an appraisal, wherever that makes sense. MFT uses a formula-based system that takes into account the farm's size and land types, as well as the level of development pressure in the community where the farm is located.
- MFT's formula-based system is not well suited to every property, because a formula cannot capture all factors. In select instances, where it appears that the appraised value of an easement might be far higher than the formula amount, MFT will consider conducting an appraisal. Your compensation could then be set as some percentage (generally 70%-90%) of the appraised easement value, with this percentage based on various farm characteristics. Prior to conducting the appraisal, MFT will determine this percentage for your farm, and also estimate the expected appraisal value (and in doing both, estimate your compensation). We

want to make sure there is a good chance that the “numbers work” for all parties before paying for an expensive appraisal.

3. If I’m compensated for a purchased easement, will I still incur come costs?

In most instances, the breakdown is as follows:

We cover:

- all staff time involved in working with you.
- the cost of preparing a draft easement for your review.
- the cost of finalizing that easement after your review.
- title insurance or attorney’s certification of title.
- preparation of baseline data (as required for any easement).
- filing fees at the registry of deeds.
- the “stewardship contribution” NOTE: In any project where the compensation is calculated by formula, a stewardship contribution of 15% is automatically deducted from what MFT pays you. This satisfies a portion of the total stewardship contribution which MFT sets aside for your property. In other purchased easement projects, MFT generally sets aside the full amount of stewardship for your property from its own resources.

You cover:

- an attorney to review the draft easement that MFT prepares.
- any accountant you may wish to engage to advise you on tax consequences.
- any appraisal that you contract for, if you decide to seek an income tax deduction on any portion of an easement you are contributing through a “bargain sale.” NOTE: You need to contract for an appraisal if you plan to count any part of the easement value as a charitable contribution for tax purposes.

You can contact us at any time for more information, with your questions or concerns, or to start a conversation about protecting your farmland.

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