



Maryland Department of Agriculture
Maryland Agricultural Land Preservation Foundation

Application Instructions FY 2013
Complete Applications due to MALPF by July 1, 2012

What You Should Know Before Applying:

The deadline to submit an Application to Sell an Easement is July 1, 2012. Please supply five copies of the application and documentation (one original and four copies) to your County Program Administrator. Please contact your Program Administrator for assistance with this application.

The acceptance of applications is subject to available funding. If the State of Maryland purchases your development rights, you voluntarily give up your rights in perpetuity to develop your farm for any purpose other than agricultural and forestry use. This means that for whatever compensation mutually agreed upon by you and the Maryland Agricultural Land Preservation Foundation, you will preserve the land for agricultural and forestry use with no expectation for any other use of that land now or in the future, forever.

It is the current policy of the State Board of Public Works that, if more acreage is found by a subsequent survey than was reported when the option contract is approved, the offer cannot be adjusted upward to cover additional acreage; however, if less acreage is found by a subsequent survey, the offer will be adjusted downward for the acreage reduction. If there is a substantial change in the acreage calculation, the validity of the appraisal and the property's ranking may be at issue, and the property may have to be re-appraised and re-ranked. If acreage is verified within 2% of the acreage provided in the easement application form, and for which verification of acreage has been provided, payment is based on the original acreage, minus one acre surrounding each pre-existing dwelling.

You may not alter your property while there is a pending offer. This includes entering into any agreements, covenants, easements, or mortgages, or requesting lot exclusions. If there is a need to re-finance your property during the Easement process, please notify the MALPF staff.

PART A:

1. Withheld acreage:

The Foundation generally discourages the exclusion of acreage from the easement. The Foundation's policy allows the exclusion of acreage only under certain conditions. Your County Program Administrator will advise you regarding the Foundation's policy. Provide an explanation for withholding the acreage on a separate sheet. If withheld acreage is not within a priority funding area and would require forest mitigation when developed, sufficient acreage must be withheld to accommodate that mitigation. Please be aware that withholding acreage from the easement will decrease the appraised value. The appraisers will deduct the total development potential associated with the excluded acreage. If approved, the easement will cover the entire property, minus the withheld acreage. If the Foundation's Board of Trustees does not approve the withheld acreage during its review of the application, you will have the option to apply to sell an easement on the entire property, or you may withdraw your application.

If the Foundation approves your request to withhold acres, and an easement offer is extended, at the settlement of the sale of the easement, the Foundation's policies also require a Restrictive Covenant to be placed on the withheld acres to forever limit those acres to a maximum of three development rights, or less, depending on what current county zoning regulations dictate.

2. Total property (a.k.a. parent tract) acreage determination:

When inserting the total acres of your property (the acres on the deed before any withheld acres are taken into account), please identify how the acreage was determined. The acreage can be determined using your property deed(s), tax assessment records, a (relatively) recent survey, or some other way to calculate the acres. Whichever way you use to indicate the total acres of your property, you must provide a copy of the document that shows the acres (deed, survey, tax records, etc.).

3. Pre-existing dwelling(s):

Enter the total number of pre-existing dwellings, tenant houses, or permanently affixed trailers, i.e., those with electrical and sewage hook-ups and wheels removed. If you have questions about what constitutes a pre-existing dwelling in your county, please contact your County Program Administrator. Please ensure that the number of pre-existing dwellings indicated on this form is accurate. The property is appraised based on the information provided on this application; therefore, **the number of pre-existing dwellings may not be changed after the application is received** by the Foundation and sent for appraisal. If you change the number of pre-existing dwellings after you submit this form, you must withdraw your application and apply in a subsequent year with the amended number. If the Foundation purchases an easement on this property, you or any subsequent owner may not, at any point in the future, claim as a pre-existing dwelling, a structure, foundation, or other evidence of a previous dwelling which is not acknowledged on this application. In the appraisal process, each pre-existing dwelling is valued as an exercised development right affecting the offer made to you by the Foundation. Please clearly locate all pre-existing dwellings (and all other structures) on the aerial map (see Application Part B.11).

4. Asking Price:

Indicate the per acre price you are willing to sell an easement to MALPF. In thinking about your asking price, take into consideration that the calculation of the easement value by the Foundation is based on the development value of the raw land and does not include the value of any improvements on the property. The Foundation makes offers based on your asking price or the calculated easement value or a cap set by the County, whichever is the least amount. If you have questions in deciding what your asking price should be, please consult with your County Program Administrator who can provide information about recent acquisition and appraisal values in your county for Foundation properties.

5. Lot Selection:

Family lots are a right that is granted to the original easement owner. It is tied to that person(s), not the land. Family lots are for the use of the owner and his or her children to construct a dwelling only for his/her/their personal use. Since family lots are released only to the owner and/or his or her children, are not for commercial development, and may not be transferred to other individuals, they are not considered marketable and are not counted against the development rights on the property in the appraisal. Do not select the number of family lots at this time. Family lots, up to a maximum of three, may be requested anytime after recordation of the easement or when there is no pending easement application. The density requirements for family lots are as follows: one lot for the first 20 acres; a second lot for the next 50 acres (requires a total of 70 acres); and three lots for the next 50 acres (requires a total of 120 acres). If a county's density requirement to construct dwellings is more restrictive than the Foundation's, the county's density requirement prevails. Eligibility to request family lots ends upon the transfer of the property or the death(s) of the original seller(s) of the easement, whichever comes first.

Unrestricted lots are a right that is reserved to any owner of the property, regardless of who the original owner is or relationship to them. Unrestricted lots are tied to the land, not a person(s), and transfers to subsequent owners until that right is exercised. Therefore, when an unrestricted lot is selected, the value of one development right is subtracted from the total available development rights in the appraisal of the value of the property. The easement will cover the entire property. When you or a future landowner decides on the location of the unrestricted lot, you must apply to the Foundation for approval of the location. When the location is approved, you must pay back to the Foundation the per acre amount that you received for the easement.

Waive all rights to lots. The Foundation recognizes that some applicants may wish to extinguish all rights to new dwellings on their properties. If you wish to waive all rights to new building lots on your property, please select the third option. Note: This does not affect the right to request future tenant house(s).

You may not change the lot option you have selected unless you withdraw your application and apply in a subsequent year.

PART B

2. Entity Information:

List names as indicated on application; additionally:

A property owned by a corporation is required to submit a Resolution attesting that the offer to sell an easement has been reviewed and favorably voted upon by the corporation's Board of Directors. The Resolution should also authorize one or more persons to act on behalf of the corporation to sign all necessary documents associated with the sale of an easement. If the corporation is to be treated as a "family corporation" for purposes of a family lot reservation, list all of the stockholders of the corporation and their relationship to each other.

A property owned by a partnership (limited or general) is required to submit a Resolution attesting that the offer to sell an easement has been reviewed and favorably voted upon by the partners. The Resolution should also authorize one or more persons to act on behalf of the partnership to sign all necessary documents associated with the sale of an easement. The partnership must also submit a copy of its partnership agreement and all amendments thereto. If the partnership is to be treated as a "family partnership" for purposes of a family lot reservation, list all of the partners of the partnership and their relationship to each other.

A property owned by limited liability company (LLC) is required to submit a Resolution attesting that the offer to sell an easement has been reviewed and favorably voted upon by the members. The Resolution should also authorize one or more persons to act on behalf of the LLC to sign all necessary documents associated with the sale of an easement. The LLC must also submit a copy of its operating agreement and all amendments thereto. If the LLC is to be treated as a "family LLC" for purposes of a family lot reservation, list all of the members of the LLC and their relationship to each other.

A property owned by a Trust (or Trustees) is required to submit a copy of the Trust Agreement and all amendments thereto. If the Trust has elected a family lot reservation, list all beneficiaries of the Trust and their relationship to each other.

3. Children:

If family lots were selected, then enter the first, middle and last name of all children of landowners. This information is pertinent to your future development rights if the Foundation purchases your easement and you have elected to reserve a family lot. Please indicate the family relationship of each child to the applicant owners.

Note: If an owner should die before requesting lots for eligible children, the Foundation may deny any requests to release lots for the children. As a form of insurance against such an occurrence, a landowner may formally state the intent to create a child's lot for specifically named eligible children in a letter to the Foundation that is placed in the property file of the landowner. The landowner may include language in his/her will, which clearly indicates his/her intention to create lots for the named children. By presenting the Foundation's letter of approval, a letter from the Foundation acknowledging receipt of the letter of intent or the will, a landowner's children may complete the lot release transaction after the landowner's death. However, even if a landowner has formally documented his intention to create lots, any uncompleted lot release transactions are null and void when the property is sold or ownership is transferred from the estate or one of the named children to a subsequent owner.

5. Deed References:

All deeds and surveys with metes and bounds descriptions that cover the entire property should be listed here. The Liber and Folio should be stamped either on the top or bottom of all documents that have been recorded in the county land records. The Liber is the first number and the Folio is the second number shown on the recorded document. Please contact your County Program Administrator if you need assistance.

6. Existing Property Restriction(s):

List any restrictive covenants, easements, or restrictive long term contracts on your property (e.g., forest conservation easements, open space easements, CREP easements, CRP contracts, forest mitigation easements, wetland mitigation easements, historical easements, environmental easements or residential covenants). You should be aware that such restrictions may reduce the acreage on which MALPF can purchase easements. The title search conducted on behalf of the Foundation will reveal all restrictions. Early notification of restrictions may provide the Foundation adequate time to resolve any issues that may otherwise delay settlement.

7. Other Third Party Interest(s):

If an entity other than you owns or leases any interest, including options, in the property, he/she must agree to the terms of the Deed of Easement if the Foundation extends an easement offer to you. If you are successful in selling your development rights, signatures will be required on the Option Contract and Deed of Easement. If such a situation exists on the property, check "Yes" on the appropriate line and enter the name, address and telephone number of the individual(s) or company. Use an additional sheet of paper if necessary.

Please remember to disclose farming leases and the term of the lease. It is also important to note whether the lease includes an option to buy or a right of first refusal. Other examples of third party interests include the following: life estate over all or part of the property, remainder interest over all or part of the property, the interest of beneficiaries (if the property is in a trust), the interest held by an estate of a deceased co-owner when property was held as tenants in common, the interest of neighbors who have a septic easement, right-of-way or some other right in the property.

Please note: In Garrett County or Allegany County, a natural gas rights owner or lessee may not be required to subordinate its interest to the Foundation's interest if the Foundation determines that exercise of the natural gas rights will not interfere with an agricultural operation.

13. Qualifying Soils:

This information will be **provided by the Program Administrator**. The Program Administrator is responsible for determining whether the property meets the minimum soils criteria.

14. Planning and Zoning Information:

This section is to be **completed by the Program Administrator**, or other County employee(s), as needed. This section must be fully completed **PRIOR** to submitting the application to MALPF by the deadline.

- A. ZONING – The development rights information provided in this section will be provided to the appraisers and used for valuation purposes. It is critical that the Program Administrators complete this section fully and carefully, as this will have significant impact on value.

15. Certification of Soil Conservation & Water Quality Plan:

An official of your county's Soil Conservation District must certify by signing the application that a current soil conservation and water quality plan exists for the property. The plan shall list all existing erosion and water quality problems on the subject property and include a list of solutions to these problems along with a schedule of implementation. The plan must be created or updated within the last ten years. If the plan has been in existence, the landowner must be following the plan according to its schedule for implementation. The landowner is responsible for continuing to implement the plan during the application period and after settlement.

COUNTY PROGRAM ADMINISTRATOR SIGNATURE:

This is a new requirement for the FY 2013 application cycle. The Program Administrator must review the application and provide the information necessary for Part B. 13, 14 and 15. If the Program Administrator does not complete their section, or sign off on the application, MALPF staff will return the application as incomplete. If past the July 1st deadline, the application will not be included in the current application cycle. You may apply again the next application cycle.