In spring of 2023, the Commission released an updated version of the *Requirements Manual* and a document outlining the changes. Each month we will highlight a change, why we made it and why it is important. **This month we are looking at a NEW transaction requirement.**

**Why is it important?**

- A land trust must be able to justify its expenditures and ensure its purchases are not conferring impermissible private benefit or private inurement, which could impact its charitable status, and not unduly influencing the real estate market. If there are substantial concerns with the appraisal, then the land trust could end up paying more than fair market value for the property.
- The new requirement is consistent with guidance for practice element 9H1 that "evaluating the appraisal report before purchasing land or a conservation easement is critical" and also describes specific items to consider, such as checking to make sure the appraisal correctly describes the interest being acquired and any restrictions or conditions placed by the seller.
- The requirement was added to increase awareness about the Commission's past and current expectations for accredited land trusts.

**How will it be implemented?**

- Reviewers will consider the information currently provided in the application. If necessary, land trusts may be asked to explain or provide supplemental documents during the accreditation process. Documentation of addressing substantial concerns could include correspondence with the appraiser, memo to file, disclosure in the project materials sent to the board before project approval, etc.

**What did land trusts say?**

- Most of the respondents indicated support for the new requirement with many noting that they currently evaluate purchase appraisals as part of their due diligence.
- To respond to the feedback, the final requirement includes updated language to be clearer about the outcome a land trust is expected to meet.

If you have questions about any of the changes, please contact us at info@landtrustaccreditation.org.