



LAND EXCHANGES AND SALES GUIDE

A GUIDE TO PROPERTY TRANSACTIONS WITH THE MICHIGAN DEPARTMENT OF NATURAL RESOURCES

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

The Michigan Department of Natural Resources (DNR) manages 4.6 million acres of State-owned land. Most of these properties are dedicated as State forests, parks, recreation areas, water access sites, and wildlife areas for use and enjoyment by the public, and are not available for exclusive private use or for sale.

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

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

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

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

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

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

Properties identified for release under the Land Consolidation Strategy have already undergone Department review and have been approved for release. Currently all of Michigan's 83 counties have been through this process. Parcels that were not a part of the original Land Consolidation are first reviewed by every land managing division through the Land Exchange Review Committee (LERC). Parcels that were recommended for disposal through LERC then become eligible for auction after being approved for disposal by the Director at the monthly Natural Resource Commission (NRC).

What is the process to acquire State land?

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

The process involves several steps:

1. An applicant submits an application for purchase or exchange. All information requested on the application must be provided before a review will begin. An application fee, which helps cover some of the costs involved to review the proposal, must accompany the application. The fee is for processing the application only, and does not imply the purchase or exchange will be approved. A map, preferably from a plat book or subdivision map, which highlights the “desired” (and, for an exchange, the “offered”) parcels must also be included. A survey description and drawing are useful, if the application involves a parcel with a detailed description.
2. Applications are screened to determine if they are in compliance with the Department land exchange policy. If so, a field review is conducted. DNR staff reviews the request and visits the site. This review includes determining natural resource features and public recreation values; evaluating access and land management; and reviewing the location of the property and its relation to other protected lands. Results of the field review are forwarded to DNR Real Estate Services, and then submitted to the Department’s Land Exchange Review Committee (LERC) for consideration.
3. The LERC meets bi-monthly to review application proposals.
4. The applicant is notified, by letter, of the LERC recommendations. If the transaction received preliminary approval, the applicant is instructed on how to proceed with the transaction.
5. The property being conveyed to and/or from the State must then be appraised. Appraisals must be completed according to Department guidelines. The Department reserves the right to reject any appraisal. The DNR will conduct appraisals on property to be sold by the DNR.
6. The DNR reviews the appraisal and, if approved, an exchange or sale agreement outlining the terms of the transaction is then sent to the applicant.
7. Public notice is conducted by posting details of the transaction on the DNR “Business Calendar,” at www.michigan.gov/dnr, under “Publications,” seven (7) days before Director approval/disapproval, which takes place during a Natural Resources Commission (NRC) meeting. Land exchanges and sales are also listed on the NRC agenda, which is available to the public. There is opportunity for public comment at all NRC meetings. As required by law, notices of pending land sales are also published in newspapers in the county where properties are located.
8. Following the Director’s decision, the applicant is sent instructions outlining the steps to complete the transaction.

What are the costs involved?

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

For exchanges, the applicant must pay for the following:

- appraisal of offered and desired land;
- survey, if required;
- commitment of title insurance on the offered land;
- all taxes on the offered land in the year of closing;
- transfer tax and recording fee on the deed from the State to the applicant;
- any difference in the value, if the value of the State-owned land exceeds the value of the offered private land, plus ten percent (10%) of the difference.

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

For direct purchases, the applicant must pay for the following:

- appraisal;
- survey, if required;
- an additional ten percent (10%) of the appraised value of the State land to cover Department administrative expenses.

For purchase by auction, the applicant pays only the bid price.

Does the State retain any rights to the land?

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

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

When is the payment due to purchase the property?

Payment is due within 45 days from the date of the invoice.

What kind of title is conveyed?

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

How long does the process take?

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

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

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

Under what conditions are application fees refunded?

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

Where can I get an application or additional information?

Land exchange or sale applications may be obtained from:

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

Telephone requests can be made to 517-284-5941, or online at www.michigan.gov/dnr and select "Sales and Leases."

PLEASE RETAIN THIS DOCUMENT FOR FUTURE REFERENCE.