

LAND ACQUISITION REVOLVING LOAN FUND

POLICY AND GUIDELINES

Maine Coast Heritage Trust (MCHT) has a long tradition of working in a variety of informal partnerships with public and private entities to permanently conserve scenically, ecologically and culturally significant natural lands throughout the State of Maine. In addition to technical assistance, the Trust offers conservation partners use of its Revolving Loan Fund (Fund). Partners have included local land conservation trusts, municipalities and other qualified non-profit and governmental entities. MCHT gives primary consideration to members of the Maine Land Trust Network for use of this Fund.

Description of the Revolving Fund.

As the name implies, monies are intended to revolve out of the Fund in the form of short-term loans to entities acquiring land and back into the Fund through fundraising efforts of the acquiring organizations. For instance, a land trust requiring immediate cash in order to purchase an important property could borrow from the Fund and then repay the full amount with interest over a predetermined period of time through a capital fundraising drive. All loans from the Fund must be repaid in full with interest in order to preserve the value of the Fund.

Terms of Revolving Fund Loans.

MCHT charges a variable interest rate equivalent to one percentage point below the Fleet Bank prime lending rate. The actual rate will be fixed at the time of the loan and adjusted quarterly thereafter, if necessary.

Generally, loans will be made for a period not to exceed one year with monthly amortization payments.

Requirements for Use of the Revolving Fund.

MCHT will require entities seeking use of the Revolving Fund to provide the following information:

- 1. Fundraising Plan.** Borrowing entities must demonstrate that they are capable of raising the required funds to repay the Revolving Fund according to the terms of the loan. Preference will be given to borrowers that have begun fundraising

and received a significant level of support in the form of pledges and/or cash gifts prior to requesting assistance from the Revolving Fund.

2. Loan Guarantors. MCHT requires that loans from its Revolving Fund be secured by guarantors obliged to repay the loan should the borrowing entity default. Guarantors may be individuals, financial institutions or other qualified entities.

3. Mortgages. MCHT may require that it hold a mortgage on property acquired with Revolving Fund monies, particularly with large loans. Generally, MCHT will require a first mortgage.

4. Appraisals. In order to determine the value of a property contemplated for purchase with Revolving Fund monies, MCHT requires that an appraisal or opinion of value be prepared by a qualified appraiser.

5. Title. The borrowing entity must demonstrate that clear title to property will be acquired. MCHT prefers that borrowing entities purchase title insurance for properties acquired, naming MCHT co-insured, if a mortgage is held.

6. Legal Authorization of Borrower. The borrower will provide proof of its legal existence and good standing with the State of Maine (if a corporation); an unqualified opinion of counsel that it has the authority to purchase the land and enter into the loan; as well as an attested copy of the authorizing resolution of its board of directors or responsible officers.

7. Conservation Purpose. The borrowing entity must demonstrate that the property to be acquired is of importance for conservation and that the conservation values of the land will be preserved. A description of resources to be protected, size of property, location, configuration, proximity to other protected lands, water bodies present on or near the property, local zoning restrictions, right-of-ways and other pertinent information must be presented. Borrowers must also demonstrate that the property is not contaminated with hazardous materials or otherwise poses a danger to the public.

8. Stewardship. Borrowers must demonstrate that they are capable of properly managing properties acquired through the Revolving Fund. Establishment of a permanent stewardship fund is encouraged.

9. Standards & Practices. Land trust borrowers must have adopted the Land Trust Standards and Practices as established by the Land Trust Alliance.

Expenses Associated With Use of the Revolving Fund.

Borrowers are responsible for all costs incurred in association with preparation of legal documents, appraisals, and other documentation submitted to MCHT. Costs associated with review and/or preparation of documentation by MCHT's general counsel and staff will be assumed by MCHT.

Allocation of the Revolving Fund.

MCHT reserves the right in its sole discretion to determine the use of its Revolving Fund. The size of the Revolving Fund is limited. MCHT will evaluate competing proposals with preference given to projects providing maximum conservation value and public benefit for the cost, projects furthering the goals of MCHT as described in its **Guiding Principles and Criteria for Land Protection**, and projects involving properties that are imminently threatened by conversion to non-conservation uses.