**Guidelines for Cost Allocation and Special Conditions for an**

**Agreement to Initiate—Exhibits C and D**

*Information per the land exchange handbook (FSH 5409.13, sec. 32.3 – 32.34) – with specifics added for use of the ATI as a fund collection mechanism:*

* + Land exchanges benefit Federal and non-Federal parties, and each should share in the costs of processing the exchange.
  + At a minimum, require the non-Federal party to pay for title insurance, advertising, hazmat cleanup, and land surveys associated with the non-Fed land.
  + Generally, appraisal costs should not be shared.
  + The USFS cannot pay non-Fed parties for non-contractual work they perform.
  + Each party should share costs by assigning complete components to an individual party rather than sharing the costs of individual components.
  + When it is necessary to share the costs of a specific report or study, the terms for cost sharing shall be documented in Exhibit D of the ATI. Define—in the Special Conditions section--the specific responsibilities of each party for contracting/completing the work, expected timeframes, provisions on how payment will be made, and by whom. Show specific cost estimates in the Cost/Allocation table.
  + When the non-Federal party contracts for a product or service, specify USFS requirements for an acceptable product or service in the Special Conditions section of Exhibit D. (USFS has the responsibility to participate with the non-Federal party in screening and selection of the contractor, and providing standards to be met.)
  + If the USFS is paying for a product/service contracted by the non-Federal party, payment cannot be made until the product/service has been completed, and approved/accepted by the USFS.
  + Sec. 32.34 of the handbook states that the ATI must include a statement that overhead costs are waived, or specify the rate at which overhead must be assessed. Since a *discretionary* land exchange is essentially by definition a mutually beneficial activity, the following statement should be included in the Special Conditions: “Overhead costs shall be waived.”