



STEPS TO DONATING A CONSERVATION EASEMENT

Donating a conservation easement to Catawba Lands Conservancy is a way to permanently preserve your property while continuing to own and enjoy your land, and sell it or pass it along to heirs. By conserving your land you may benefit from significant income tax, real property tax, and estate tax savings.

Conservation easements are commonly used to conserve land and limit future development. Here are the steps to conserving your land by donating a conservation easement.

- 1. Introduction to the Conservancy.** Fully understanding your family's vision for your property, including your intended uses and conservation desires, is critical to the conservation process. This initial conversation provides us a chance to also explain to you the benefits of conservation, some background on the Conservancy, potential issues with the project, and next steps. We can provide you with written materials summarizing the Conservancy's work and the tax benefits associated with conservation easement donations.
- 2. Property Visit.** Conservancy staff will arrange a site visit with you and / or other family members to assess the property's conservation values and natural features. Key conservation values include water quality and stream protection, wildlife habitat, open space, and hardwood forests.
- 3. Letter of Intent.** Once you are comfortable with the concept of working with the Conservancy, we draft for your consideration a non-binding letter of intent memorializing your interest in the project.
- 4. Property History & Environmental Conditions.** The Conservancy will be part of the title chain of your property following placement of a conservation easement. Because of potential liability associated with any ownership of contaminated properties, the Conservancy is interested in knowing the use and environmental history of the property. In most cases where the history of the property is clear and benign, completion of a formal phase I environmental assessment is not required to proceed with the conservation easement. We ask that land owners complete and submit to us an environmental questionnaire (Fannie Mae Form 4340 available from the Conservancy staff or from www.catawbalands.org).
- 5. Draft Conservation Easement.** Because the recording of a conservation easement is permanent and runs with a property forever, it is critical that you and your family fully understand and endorse the terms and conditions of the conservation easement. One of the beauties of easements is that they can be customized to meet your needs and to fulfill your vision for your land while also conserving your property's key conservation values. Although Catawba Lands Conservancy works diligently to craft each donated easement to meet the IRS and NC Department of Revenue requirements, the Conservancy cannot guarantee the acceptability of any donation. You need to consult with your legal counsel or tax advisor regarding eligibility for tax benefits.
- 6. CLC Committee and Board Approval.** After the conservation easement has been finalized through close consultation with you, the project is presented to the Conservancy's Land Acquisition and Stewardship Committees. These Committees review each of the Conservancy's land protection projects. Each project also requires review and approval by the Conservancy's Board of Directors.



7. **Baseline Inventory of the Property.** A baseline inventory documents the condition of the property at the time of the donation. The inventory, recognized in the tax code, describes the natural features of the property and includes detailed maps and photos documenting the conservation values. Conservancy staff in most cases prepares the baseline inventory, but you may elect to engage a qualified consultant to prepare the inventory.
8. **Legal Description & Property Survey.** Similar to any real estate transaction, the Conservancy requires an accurate legal description and survey of the property. If the property has not been recently surveyed, we can arrange for the completion of a survey. The cost is typically borne by the landowner.
9. **Executed Conservation Easement.** Again, similar to most real estate transactions, all owners of the property will sign the easement before legal recording. The easement is then recorded in the county register of deeds. The Conservancy safeguards the original easement in a secure, off-site storage unit and provides a copy to you for your records.
10. **Stewardship Donation.** The Conservancy requests each donating landowner to consider a contribution to the Conservancy's Stewardship Fund. The Stewardship Fund helps the Conservancy pay for all costs associated with permanently conserving and monitoring the property, including annual site visits. The amount of each stewardship contribution reflects the complexities of the Conservancy's annual stewardship obligations, as required by IRS regulations.
11. **Appraisal and Claiming Tax Benefits for the Donation.** In order for an easement donor to be eligible for tax benefits, a qualified appraisal of the easement gift must be completed within 60 days of the date that the easement is signed and recorded; this 60-day window may fall before or after the date of recording. Conservation easement appraisals are difficult and require unique knowledge and experience. We can help with the appraisal process by recommending appraisers, but the ultimate responsibility of the appraisal resides with the landowner. It is very important that the Conservancy staff talk with the appraiser before starting the assignment and receive the appraisal report for review 7 business days prior to closing the conservation easement transaction. Following the appraisal, the donor or the donor's tax advisor presents IRS Form 8283 to the Conservancy for signature acknowledging the conservation easement gift. There are specific parameters and procedures regarding the appraisal process, so please consult with Conservancy staff on the details. **Catawba Lands Conservancy will not knowingly participate in a project where it has significant concern about the tax deductibility of the transaction or its own tax exempt status, and reserves the right to refuse signing IRS Form 8283 in such cases. Please consult with your legal counsel or tax advisor regarding eligibility of tax benefits.**
12. **Celebrating Partnership.** Conserving your property is not the end; it's really just the beginning. After completing these steps and celebrating the permanent protection of your property, you, your family and the Conservancy continue our working relationship to ensure your property's conservation values are permanently preserved. With our permanent commitment to our community and our sustainable business model, the Conservancy is readily available over the long-run to answer questions, respond to concerns, or discuss management and stewardship of your land.

In essence, the conservation easement is a working partnership for the land.....forever.