



Dear Landowner,

Thank you for considering a gift of conservation easement to North American Land Trust (NALT). We are very grateful.

Most landowners' thoughts about conserving their property begin with their hopes that the special values of their land--its beauty, farm and forest productivity, wildlife, water resources or recreation opportunities--will forever be protected. We share that vision and work cooperatively with landowners to achieve that goal.

For a landowner who makes this commitment, there are potential tax incentives for such donations, including a federal income tax deduction. The Internal Revenue Service (IRS) has extensive requirements that must be met in order to take an income tax deduction for a donation of a conservation easement, and the donor is responsible for determining the value of the donation.

The IRS requires that the donor obtain a written *qualified appraisal* prepared by a *qualified appraiser* if the gift is valued at more than \$5,000. These terms and other matters related to land conservation donations are detailed in Treasury Regulations §1.170A-13 and §1.170A-14 and in IRS Notice 2004-41 (released June 2004 regarding conservation easement donations), which you should discuss with your appraiser, attorney and tax advisor.

Key elements of the process include the following:

- The appraiser should be certified in the state where the property is located and have substantial, verifiable experience in appraising conservation easements.
- The appraiser must be independent of the parties to the transaction, including their relatives, employees or any other person whose relationship to a party might cause a reasonable person to question the appraiser's independence.
- The appraisal must comply with the Uniform Standards of Professional Appraisal Practice (USPAP). The appraiser's fee must not be based on a percentage of the appraised value of the property being appraised. The appraisal report must state it was prepared to establish the value of the conservation easement for the donor's use for income tax purposes.
- The appraisal must be dated no earlier than 60 days prior to the date of contribution and before the due date for the tax return on which the deduction is first claimed. If the appraisal is completed after the donation is made, it must reflect the fair market value of the gift as of the date it was given.

- IRS Form 8283, including the required attachments, must first be prepared and signed by the attorney or tax advisor to the donor, and the appraiser. If more than one appraiser contributed to the appraisal, then each must sign the appraisal and the tax form. Then it can be sent to NALT, with a complete copy of the appraisal, for its review and authorized signature acknowledging receipt of the gift. NALT's policies cover documentation of donations in order to ensure that the information about the gifts we receive is accurately represented. These policies include not signing the IRS Form 8283 should NALT have strong reservations about the information presented on the Form 8283. NALT will not knowingly participate in a transaction for which we have concerns about the validity of the tax deduction. We do not anticipate any issues preventing NALT from signing your Form 8283, but will contact you if we have any questions.
- After we return IRS Form 8283 to you, you must attach it to the federal income tax return on which the deduction for the contribution is first claimed. If the value of the gift is more than \$500,000, a full copy of the appraisal must be included with the tax return.
- You must maintain records containing certain information required for property contributions in general, including the complete written appraisal and the letter sent to you by NALT at the time the donation was made that acknowledges our acceptance of the gift.

An appraisal of a donated conservation easement is substantially different from a typical residential property appraisal and requires special knowledge and experience. Professional associations of appraisers (such as the Appraisal Institute and American Society of Farm Managers and Rural Appraisers) offer training courses and maintain a list of appraisers that have completed this course and are recognized by those associations as professional appraisers. You can search for appraisers that serve your area on their websites at:

Appraisal Institute - Find an Appraiser - [Valuation of Conservation Easements](#)  
American Society of Farm Managers and Rural Appraisers - [Find a Land Expert](#)

The IRS views donations of conservation easements very seriously and may impose substantial penalties on both the donor and appraiser for gifts that are overvalued for tax purposes. You need to choose an appraiser carefully and work with your appraiser, attorney and tax advisor throughout the donation process. While NALT makes every effort to complete projects in a manner consistent with IRS Tax Code requirements, ultimately meeting the qualifications for a tax deduction is the responsibility of the donor and their advisors. NALT cannot provide any assurances to conservation easement donors that their gift will be tax-deductible nor can NALT provide any statement declaring the monetary value of the donated interest or what amount might be accepted by the IRS.

Should you have questions on any of the foregoing, please do not hesitate to contact me.

Sincerely,



Stephen Thor Johnson  
President