



Colorado Cattlemen's Agricultural Land Trust

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Process for Developing Donated Conservation Easement Projects

This document outlines the general process that a landowner will go through with CCALT in order to complete a donated conservation easement that should qualify for Colorado State income tax credits and federal income and estate tax incentives. Although the CCALT Project Manager that specializes in your specific area of the State will guide you through this process, CCALT recognizes the importance of landowners becoming familiar with how the easement development process will go from beginning to end and what types of due diligence will have to be completed along the way.

Important Notes Regarding Project Development:

Timeline Associated with the Completion of a Donated Easement: It typically takes a minimum of 6-12 months to go through the process of developing and completing a conservation easement donation.

***Much of the timeline is dependent on the availability of various contractors (outlined below) needed in order to complete reports on the property prior to closing and how booked up their schedules are for year-end closings. The earlier in the year that the landowner contacts CCALT, the more likely it is that the easement would be able to close by year-end.*

CCALT Closing Date for New Projects (projected to close by year-end): Although dependent on the number of projects that the staff is currently working on, CCALT typically does not accept new project for year-end closings after October 1.

Landowner Legal Counsel: CCALT strongly encourages landowners to retain independent legal representation to assist in negotiating and reviewing the conservation easement on the landowners' behalf. CCALT wants the assurance that every landowner fully understands all the legal ramifications of such a long-term commitment.

1. Contact CCALT

Interested landowners must make the initial contact with CCALT as CCALT is prohibited in the organizations' bylaws from making the first contact. Interested landowners must get in touch with CCALT to alert CCALT that you are interested in receiving more information about a potential conservation easement donation. CCALT will send you a Landowner Information Packet for your review.

2. Landowner Information Packet

Interested landowners will obtain a Landowner Information Packet from CCALT. The packet includes detailed information about CCALT, the uses and benefits of agricultural conservation easements, tax credit benefits associated with an easement, and many resources to continue learning about easements. If after reviewing the packet, a landowner is interested in having a conversation with a Project Manager about a potential conservation easement, the landowner must contact CCALT and ask to speak with the Project Manager that covers your area of the State.

3. Landowner Project Application and Transaction Cost Memo

After discussing the potential project with a Project Manager, if the property seems like it would fit CCALT's criteria, a Landowner Project Application will be sent out. The application should be completed by the landowner and sent back to CCALT. **At this point**, the landowner will also receive CCALT's Transaction Memo in order to outline all costs associated with the easement.

4. Site Visit

The Project Manager will set up a time with the landowner to visit the property with the landowner and evaluate the conservation values associated with the property. Following the site visit the entire project staff and Executive Director of CCALT will discuss the potential property and let the landowner know if it will be going in front of the Board of Directors for approval.

5. Project Approval from the Board of Directors

After the site visit and upon staff approval of the project, it will be presented to the CCALT Board of Directors for approval. The Project Manager will inform the landowner of the decision of the Board. Upon approval, the Project Manager and landowner can move forward to begin ordering the due diligence outlined in number 6 below.

****At this time, the landowner should hire independent legal counsel to assist in negotiating and reviewing the conservation easement.**

6. Required Documentation: The following 3 reports need to be completed in order to close on a conservation easement. The Appraisal Report, Mineral Remoteness Assessment, and Baseline Inventory Report need to be completed by a hired contractor qualified in that specific area. CCALT has a Resource List of professionals that specialize in the following reports and/or documentation.

- **Appraisal:** The landowner will contact an appraiser to assess the value of the proposed easement on the property. This value of the easement is what determines both state and federal tax benefits.
- **Mineral Remoteness Assessment:** IRS requirements state that if the landowner does not own **all** of the mineral rights associated with the property, a Mineral Remoteness Assessment must be conducted.
- **Baseline Inventory Report:** IRS and Land Trust requirements state that a Baseline Inventory Report needs to be completed prior to the closing of the easement, indicating the present condition of the property when the easement is placed on the property.

7. Title Work: CCALT requires that title work be ordered for the proposed property unless there is already a current title commitment that will be dated no earlier than 12 months before the closing of the easement. The Project Manager will order the title commitment.

8. Get Signed up with a Tax Credit Broker: The landowner needs to get signed up with a broker that specializes in conservation easement tax credits to broker the credits that you receive from your easement donation. CCALT has a Resource List of professionals who specialize in this topic.

9. Deed of Conservation Easement

CCALT, CCALT's legal counsel, the landowner, and the landowner's legal counsel will draft the Deed of Conservation Easement based off of CCALT's form Deed of Easement and will tailor it to the specific characteristics and conservation values of the property, as well as the needs of the landowner. This part of the process can be complex and time consuming as the Deed of Easement is a lengthy legal document and it is essential that all terms in the easement are fully agreed on by the landowner and CCALT prior to closing.

10. Easement Approval from the Board of Directors

Once agreed on by CCALT staff and the landowner, the final Deed of Conservation Easement will be presented to the Board of Directors for approval. Once approval from the Board is received, the project may go ahead and proceed to a closing.

11. Easement Signing and Recording

The Deed of Conservation Easement will be signed by the President or Vice President of the Board of Directors with a notary present. The document will then be signed by the landowner(s) with a notary present. A closing will be arranged for the property through the title company handling the commitment. The signed Deed of Easement will be delivered to the County Clerk and Recorder to be entered into the County records.

12. Working with the Broker of your Tax Credits

After the Deed of Easement is recorded in the County records, the landowner and Project Manager will begin working with broker to provide the documentation needed in order to broker the tax credit. It could take up to 3-4 months after the close of the easement for the tax credit broker to fully process the transaction.

Please call CCALT with any additional questions that you have related to the process for developing a conservation easement donation project. Contact CCALT at (303) 225-8677 or through our website at www.ccalt.org.

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