



## PROCESS FOR DEVELOPING DONATED CONSERVATION EASEMENT PROJECTS

*This document outlines the general process of conveying a donated conservation easement to CCALT. 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 CCALT's easement development process.*

### IMPORTANT NOTES REGARDING PROJECT DEVELOPMENT

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

*CCALT Cutoff Date for Accepting New Projects (projected to close by year-end):* CCALT typically does not accept new projects 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 associated with a perpetual conservation easement.

### STEPS TO COMPLETING A DONATED CONSERVATION EASEMENT TRANSACTION

#### **1. Contact CCALT and Request and Information Packet:**

CCALT is prohibited from soliciting conservation projects. Therefore, interested landowners must make the initial contact to notify CCALT of their interest in conservation and to request an information packet.

#### **2. Landowner Information Packet:**

The landowner information packet includes detailed information about CCALT, the uses and benefits of agricultural conservation easements, tax benefits associated with conservation easements, and many resources to continue learning about conservation easements. If after reviewing the packet, a landowner is interested in having further conversations with CCALT about a potential conservation easement, the landowner must contact CCALT and ask to speak with the Project Manager that covers the area of the State where the property is located.

#### **3. Landowner Project Application and Transaction Cost Memo:**

The Landowner Project Application should be completed by the landowner and submitted to CCALT for review. CCALT will also provide a Transaction Cost Memo that outlines all costs associated with the

conveyance of the conservation easement and provides a range of total costs to the landowner. **NOTE:** Typically a donated conservation easement will cost between \$30,000 and \$60,000 to complete.

#### **4. Site Visit:**

After reviewing the Landowner Project Application, the CCALT Project Staff will meet to determine if the project meets CCALT's project criteria. If the project is determined to meet the project criteria, the CCALT Project Manager will establish a time to visit the property and further evaluate the conservation values. The site visit is used to verify the accuracy of the information provided in the Landowner Project Application and the property's consistency with CCALT's project criteria.

#### **5. Project Approval from the Board of Directors:**

Following the site visit, the project will be presented to the CCALT Board of Directors (Board) for formal project approval at the Board's next regularly scheduled meeting. Upon formal Board approval, the CCALT Project Manager and landowner will begin the process of ordering the required due diligence reports and negotiating the terms of the conservation easement.

**NOTE:** CCALT recommends that the landowner hire independent legal counsel to assist in negotiating and reviewing the conservation easement immediately following formal Board approval.

**6. Required Documentation:** The following three (3) due diligence reports need to be completed prior to conveying a conservation easement, (1) the Appraisal Report; (2) the Mineral Remoteness Assessment; and (3) the Baseline Inventory Report. CCALT will provide a resource list of qualified professionals who specialize in the development of the required due diligence reports. It is the landowner's responsibility to contact, hire and pay for the production of the required due diligence reports.

- **Appraisal:** An independent qualified conservation easement appraisal must be prepared to determine the value of the conservation easement. **NOTE:** a standard land appraisal will not qualify for a conveyance of a conservation easement. The value of the conservation easement is what determines both state and federal tax benefits.
- **Mineral Remoteness Assessment:** Federal law requires a Mineral Remoteness Assessment be completed in all instances where the mineral estate has been severed and is owned separate from the surface estate. The mineral report must be completed by a certified geologist and must conclude that the likelihood of surface mining is "so remote as to be negligible". **NOTE:** Oil and gas development is **not** considered to be surface mining.
- **Baseline Inventory Report:** Federal law requires that a Baseline Inventory Report that documents the property's natural resources, historic and present uses be completed. This document is used by CCALT to carry out its perpetual stewardship obligations.

**7. Title Work:** CCALT is required to review the property's chain of title. CCALT will work with the landowner to order title for the property from a title company that operates within the area where the property is located.

**8. Secure a Tax Credit Broker:** CCALT strongly encourages landowners who desire to sell their conservation easement tax credits to work with a reputable conservation easement tax credit broker. CCALT will provide a list of names of individuals who specialize in this work.

**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. The initial drafting will be based off of CCALT's model deed of conservation easement. The deed of conservation easement will be tailored to the specific characteristics and conservation values of the property, as well as the needs of the landowner. Negotiating the terms of the deed of conservation easement can be complex and time consuming. It is essential that CCALT and the landowner fully agree on all of the terms of the deed of conservation easement at the end of the negotiation.

**10. Easement Approval from the Board of Directors:**

Once the deed of conservation easement has been fully negotiated, the CCALT Project Manager will submit the deed of conservation easement to the CCALT Board of Directors for review and formal approval. Once the Board has formally approved the deed of conservation easement, CCALT and the landowner may proceed to closing and recording.

**11. Closing and Recording:**

Closing will be handled through a title company which will ensure that the deed of conservation easement is properly signed and notarized by CCALT and the landowner. The signed deed of conservation easement will be recorded in the county records by the title company. The title company will subsequently issue a title policy on the conservation easement interest to CCALT.

**12. Working with the Broker to sell your Tax Credits:**

Following closing and recordation, the landowner and CCALT Project Manager will work cooperatively with the tax credit broker to complete all necessary forms and applications related to the issuance and sale of conservation easement tax credits. This process may take up to 3-4 months to complete.

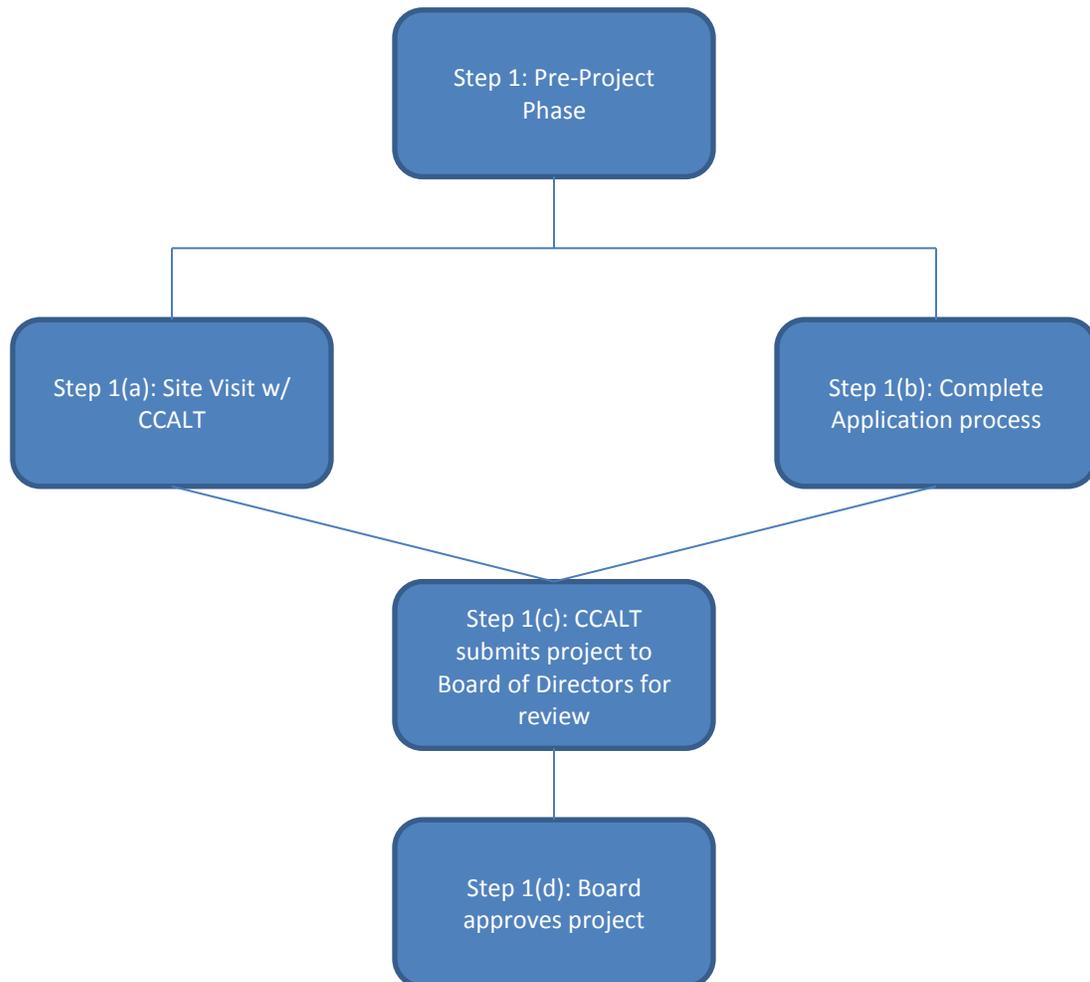
**13. Flow Chart**

CCALT has developed a flow chart to assist landowners in learning about the process of conveying a bargain sale conservation easement. The flow chart is presented on the next several pages.

*Please contact CCALT (303.225.8677 or [www.ccalt.org](http://www.ccalt.org)) with any additional questions that you have related to the process for developing a donated conservation easement project.*

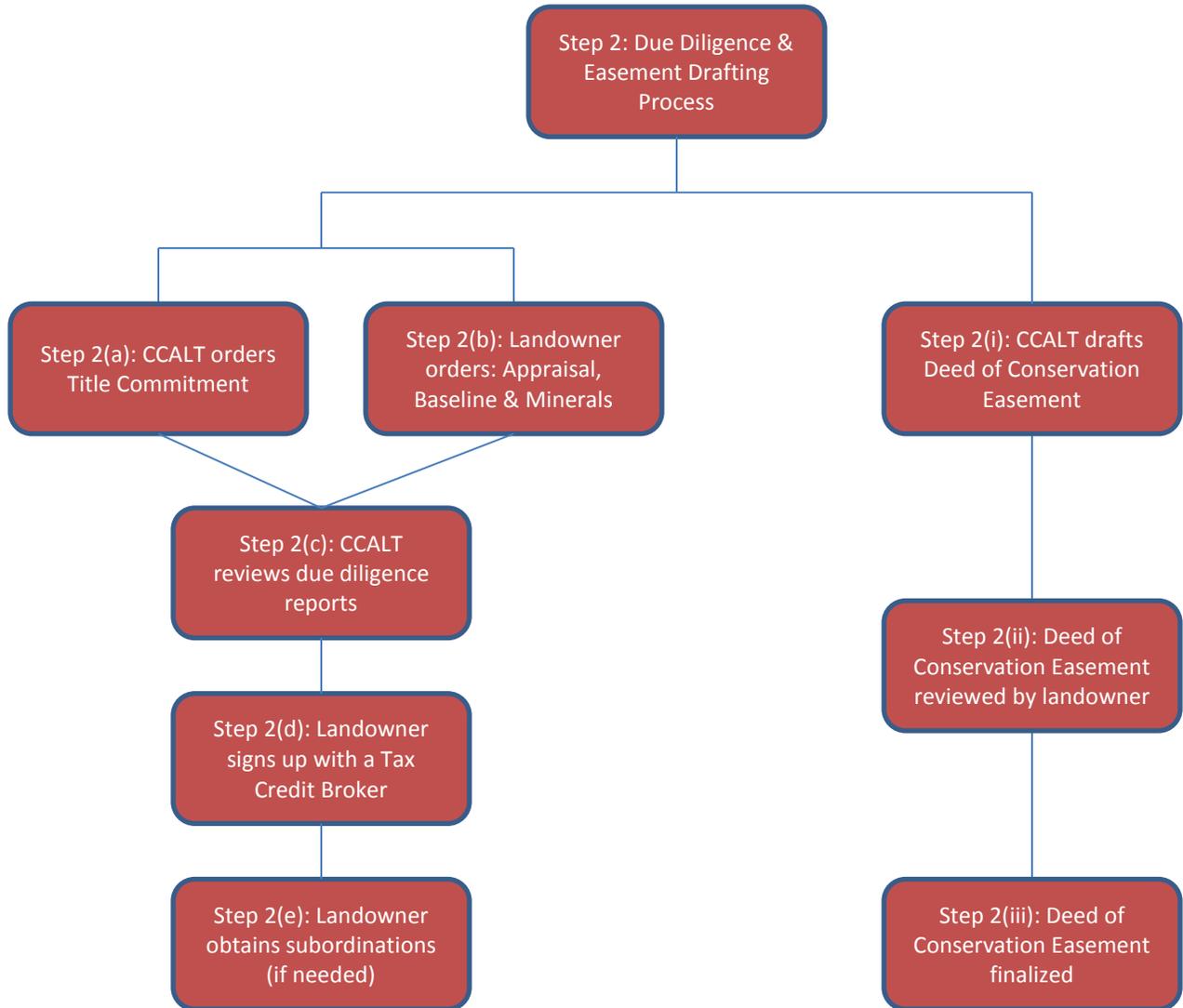
*[EASEMENT FLOW CHART BEGINS ON THE NEXT PAGE]*

## STEP 1 - PRE-PROJECT PHASE



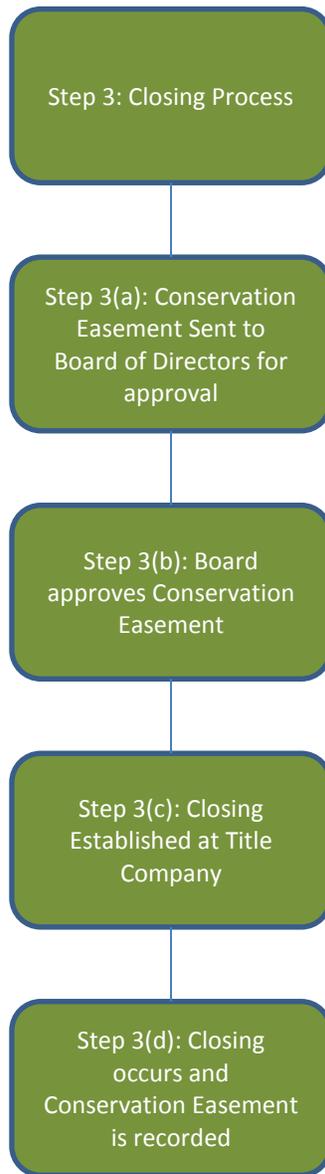
*[STEP 2 CONTINUES ON THE NEXT PAGE]*

## STEP 2 - DUE DILIGENCE & EASEMENT DRAFTING PROCESS



*[STEP 3 CONTINUES ON THE NEXT PAGE]*

### STEP 3 – CLOSING PROCESS



*[STEP 4 CONTINUES ON THE NEXT PAGE]*

## STEP 4 – POST CLOSING PROCESS

