



Conservation Easement Appraisal Policy

The Land Trust must protect itself, its landowners and the public from any form of excessive or fraudulent appraisals of conservation easements. Excessive appraisals can lead to tax audits and the disallowance of an easement charitable gift by federal and state tax agencies. Excessive appraisals are characterized by inflating the value of the property before the easement and understating its value after the easement.

Therefore, the Virginia Eastern Shore Land Trust has adopted the following policy regarding easement appraisals and our handling of an easement donor's IRS Form 8283, which calls for the signature of a Land Trust official.

- Landowners *will be strongly encouraged* to work with an appraiser with demonstrated, credible experience in conservation easement appraisals. We will provide a list of appraisers who have met the high standards of several conservation tax credit brokers in the state.
- Landowners are required to supply a copy of the appraisal to the Land Trust as soon as it is complete.
- The Land Trust must review the completed easement appraisal, or at least the before and after easement values with the appraiser, before we will record the conservation easement.
- The Land Trust will sign an easement donor's IRS Form 8283 only after it has been signed by the appraiser and the easement valuation section is complete.

In most cases, VES Land Trust staff will review the easement appraisal and sign IRS Form 8283 on behalf of the Board of Directors. However, VES Land Trust staff will not sign Form 8283 if the easement valuation is left blank, a copy of the appraisal is not supplied or the easement value seems inflated.

If, after review of an appraisal, VES Land Trust staff are concerned that the value is potentially inflated, they will notify the President and the Board of Directors. The Land Trust may seek professional advice on the quality of the appraisal. If it is agreed that the appraisal is potentially excessive, IRS Form 8283 will be returned unsigned to the landowner with a letter of explanation.

To avoid confusion or delay, Landowners are strongly encouraged to select an appraiser with extensive and credible experience with conservation easements in Virginia.

Accepted by the VES Land Trust Board of Directors, June 9, 2004

Re-approved by the VES Land Trust Board of Directors, April 20, 2005

Be it further resolved that the VES Land Trust Board of Directors recognizes the need to further clarify and define its appraisal policy, as indicated below.

VES Land Trust will notify, in writing, potential conservation easement donors that the easement must meet the requirements of IRS Code 170(h) and the accompanying U.S. Treasury

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Department regulations, the requirements of the Virginia Land Preservation state tax credit, as administered by the state Department of Taxation and the state Department of Conservation and Recreation and or/any other federal or state requirements.

Such notification will also include information on the following:

- It is the landowner's responsibility to secure a qualified easement appraisal to document the value of gifts of property, such as a conservation easement donation, valued at more than \$5,000.
- The timing of the appraisal must meet federal and state requirements; dated no earlier than 60 days prior to the date the easement is recorded (the date of the charitable gift) and no later than the date of the easement donor's tax return (including extensions).
- The easement donor must engage a qualified appraiser who follows Uniform Standards of Professional Appraisal Practice and has experience and training in preparing conservation easement appraisals.
- The land trust maintains a list of qualified easement appraisers in the region
- The landowner must provide a copy of the full conservation easement appraisal to the land trust, preferably before the easement is recorded
- The land trust will review the appraisal to ensure it meets the federal and state standards for the charitable donation, as outlined above
- The land trust will not knowingly participate in a transaction when it has significant concerns about the value of the donation. The land trust will not sign IRS Form 8283 regarding the conservation easement donation if there is any question the appraisal or value claimed is exaggerated or fraudulent, as outlined above.
- The land trust strongly advises conservation easement donors to work with an attorney and accountant or other tax advisor, both of whom are experienced in legal and financial aspects of the donation of a conservation easement
- The land trust cannot and does not offer legal, financial or tax advice to its conservation easement donors

The VES Land Trust Executive Director will review the Conservation Easement Appraisal Policy in the first quarter of each year and report to the Board of Directors with any needed updates or revisions.

Approved by the VES Land Trust Board of Directors, March 3, 2010

Amended by the VES Land Trust Board of Directors (November 3, 2010)