



LANDOWNER INFORMATION PACKET

THANK YOU FOR CONTACTING THE LAND TRUST FOR TENNESSEE.

We are a statewide, conservation organization with a mission to conserve the unique character of Tennessee's natural and historic landscapes and sites for future generations. Since 1999, we have been trusted by hundreds of landowners to conserve the places they call home, protecting over 137,000 acres in 76 counties across the state.

You know your land best.

As you think about the future, you may be asking yourself: What will happen to my land in the years ahead? Will the next owners care for it the same way that my family has? What will happen to my land because of development pressures? Are there ways to protect the special attributes of the land, yet still meet my financial and personal goals?

The Land Trust for Tennessee may be able to help you answer some of these questions.

We are here to help landowners reach their conservation goals. We are ready to work with you, as well as your advisors, to determine if a conservation easement (or other tool) is right for you and your land. Thank you for taking the time to learn more.



We are prepared to help.

Contact us after you have read through this information so that we can work with you, as well as your financial and legal advisors, to determine if this is the best way for you to leave a legacy for future generations.

Phone: (615) 244-5263
Email: Conservation@LandTrustTN.org
Web: LandTrustTN.org
Offices: Nashville, Chattanooga



PROTECTING YOUR LAND WITH A CONSERVATION EASEMENT

HOW IT WORKS



ABOUT CONSERVATION EASEMENTS

The Land Trust for Tennessee (LTTN) uses conservation easements as our primary tool to protect land.

What is a conservation easement?

A conservation easement is a legal agreement by which landowners voluntarily place restrictions on the future use or development of their property. Land protected by a conservation easement remains in private ownership, and it may be sold or left to heirs.

What is The Land Trust for Tennessee's role?

The Land Trust for Tennessee is responsible for ensuring that the landowner's wishes and the land's conservation values are protected forever. The conservation easement is permanent; it stays with the land even if you decide to sell or transfer the property.

WHAT ARE THE ADVANTAGES OF A CONSERVATION EASEMENT?

- **Peace of Mind** - Your land will be conserved by The Land Trust for Tennessee in a way that satisfies your goals and protects the conservation values of the land.
- **Land Ownership and Management** - You maintain ownership of the land and still make day-to-day management decisions. The land can be sold or transferred with the conservation easement in place.
- **Tax Deduction** - When you agree not to develop your land, your property's appraised value is often reduced. You may then be eligible for a federal income tax deduction based on that reduction in value. See page 6.
- **Estate Planning** - Conservation easements can be a valuable estate planning tool and help keep land in the family.
- **Reduced Property Tax** - Conservation easements may reduce or help stabilize property taxes, depending on your current zoning, land use, and assessed value. It may also help your land qualify for or remain in greenbelt tax status.



Are there ways to protect my land other than a conservation easement?

Yes, there are other ways to meet your conservation goals. These may include:

- Donating your land outright to The Land Trust for Tennessee.
- Selling or donating your land to a public agency for public park use.
- Protecting your land by will.

PROTECTING YOUR LAND WITH A CONSERVATION EASEMENT

QUALIFICATIONS & PROPERTY RIGHTS



How does my land qualify for protection with a conservation easement?

As the landowner, you see important natural, historic, or scenic features of your land that you want to see protected. In order to meet the IRS requirements for conservation easements, protection of your land must meet at least one of the following criteria:

- *Conservation of open space, including farms and forests, for scenic enjoyment.*
- *Protection of natural habitats for fish, wildlife, or plants.*
- *Protection of historically important land, buildings, or other structures.*
- *Conservation of land for outdoor recreation by, or for the education of, the general public.*

Are there any other considerations?

The Land Trust for Tennessee also has specific criteria, such as the property's location and unique conservation values, which determine whether LTTN is the appropriate organization to protect your property. There are no minimum size requirements. We protect urban, suburban, and rural lands. You may also protect only a portion of your property or complete a conservation easement in phases over time. We analyze all of our conservation projects on a case-by-case basis.

How does a conservation easement affect my property rights?

When you own land, you also own many rights associated with it. These might include rights to harvest timber, build structures, divide the property, mine resources, grow crops, run cattle, hunt, etc. (subject to zoning and other restrictions).

When you grant a conservation easement to a land trust, you permanently limit or extinguish some of these rights. Each conservation easement is unique and tailored to meet the landowner's wishes for their land and protect the conservation values of the property.

In the conservation easement, certain rights can be "reserved," such as the right to build a future residence or a limited number of other structures, the right to farm or cut timber, the right to hunt, and many more. Some of these reserved rights may require permission from The Land Trust for Tennessee in order to exercise, such as construction of new structures, roads, and the establishment of building areas in the future, while others can be exercised without any further approval.

What rights does The Land Trust for Tennessee have on my land?

When LTTN holds a permanent conservation easement on your property, we are committed to upholding and enforcing the easement forever. In order to do that, we visit the property with the landowner once a year to ensure that the agreement is being upheld. Such visits become especially important when the property's ownership changes, for it is our promise to you that the conservation easement stays in place for the future. In addition to the annual visit, the stewardship staff is available year-round to assist the landowner with any questions that may arise.

PROTECTING YOUR LAND WITH A CONSERVATION EASEMENT

TIMING & COSTS



How long will the process take to complete a conservation easement?

From initial contact with LTTN to finalizing and recording the easement takes an average of **6-9 months**. Multiple owners, deed issues, lack of survey, mortgages, or complex easement provisions may extend the time it takes to complete the easement.

What are the costs of doing a conservation easement?

Just like any real estate transaction, there are costs associated with completing a conservation easement. We don't charge a fee to work with us because we raise funds to pay our professional staff to work with you on your project from start to finish. The costs you incur are for your professional advisors, as well as a voluntary contribution into our Stewardship Fund, which we use to monitor and uphold your conservation easement over time. Your costs may include:

- **Professional certified appraisal** to determine the value of the conservation easement (only required if pursuing the federal income tax deduction).
- **Your attorney's fees** to review the conservation easement, consult with you, and provide title work and legal descriptions for your land. The Land Trust cannot provide you legal or tax advice so, while not required, we highly recommend you have an attorney who can advise you throughout the process.
- **Surveying fees** may also be incurred if this is needed for your conservation easement to have an adequate legal description.
- **Recording fees** to record the final conservation easement at the register of deeds office in your county.
- **Stewardship Fund donation:** The Land Trust is committed to putting money into our restricted Stewardship Fund for every new conservation easement we accept. This fund will ensure that we have the resources over time to monitor and uphold every conservation easement into the future. We ask every landowner we work with to consider donating into the fund.

If you have financial barriers that prevent you from covering certain costs, please contact us to discuss available project assistance funds.



Our goal is to be a resource to landowners and to ensure that each conservation easement is upheld – not to tell people how to use or manage their land.

PROTECTING YOUR LAND WITH A CONSERVATION EASEMENT

THE STEPS



- 1 Preliminary Information** - Read this packet and contact us with any questions. You can reach us at (615) 244-5263 or by email at info@LandTrustTN.org. You can also visit our website at LandTrustTN.org
- 2 Site Visit** - You and a land trust staff member will tour your property and discuss your conservation goals. Please be sure to show us your favorite spots.
- 3 Project Approval** - After the site visit, the staff will review your project and determine if it meets LTTN's project selection criteria. If approved, we will send you a detailed information packet and engagement form for signatures. A signed engagement form isn't binding, but it lets us know you are serious about continuing the process.
- 4 Due Diligence** - We will work with you to put together all of the necessary title and legal documents to move the project forward. Step one is usually a title search to reveal any ownership issues, restrictions on your deed, mortgages or other items. If you are pursuing a tax deduction, you will hire an appraiser to start the appraisal process at this time.
- 5 Easement Drafting** - After all of the initial due diligence is underway, our staff will put together a first draft of the conservation easement document. We will send this document to you for review, and then work together to revise the easement until we reach a mutual agreement.
- 6 Baseline Report** - We will visit your property for an in-depth site visit to document the current conditions of the property. We will then put together an extensive documentation report with text, maps, and photographs that will be kept as a record to show what your property looked like at the time the conservation easement was completed. You will sign this report at closing and then receive a copy for your records.
- 7 Final Approval** - After we have agreed to the final easement terms, we will take your project to our Board of Directors for final approval and acceptance by the organization. Our board typically meets four times per year but may meet more as necessary for project approvals.
- 8 Closing and Recording** - Once all the details are finalized and the board has granted approval, we will set a time to sign the conservation easement and baseline report. The conservation easement is then recorded at the county register of deeds office.
- 9 Celebration or Publicity** - If you are interested, we can publicly announce or hold an event on your land to celebrate the conservation easement. We can also forgo any public announcement based on your preference.
- 10 Annual Monitoring and Stewardship** - After the easement is signed and recorded, we will put you on the schedule for annual monitoring. We visit properties protected with conservation easements every year. Our staff is also available to answer any questions you have about your conservation easement any time.

INCOME TAX DEDUCTION

HOW IT WORKS



HOW DOES THE TAX DEDUCTION WORK?

The donation of a conservation easement that meets IRS requirements can qualify as a tax-deductible gift, more specifically a non-cash charitable contribution. These IRS requirements include a provision that the conservation easement must: be donated in perpetuity; be donated to a qualified charitable organization such as a land trust that has the commitment and resources to enforce the easement; and be donated exclusively for conservation purposes.

HOW IS THE TAX DEDUCTION CALCULATED?

The deduction is determined by taking the difference between the value of the land without the easement in place and its value with the easement in place. This is known as the easement value. This amount is determined by a qualified appraiser using a specialized appraisal process. Once the easement value has been determined and the conservation easement document has been recorded, the donor can deduct the easement value from their federal income taxes. The tax laws place limitations on the maximum annual charitable deduction any donor may take.

HOW LONG CAN THE DEDUCTION BE APPLIED?

Generally, for a conservation easement, the amount the donor can deduct in one year is limited to 50% of their adjusted gross income (AGI). If the value of the donation exceeds 50% of the AGI, the donor can carry forward the excess for up to fifteen additional years, applied each year up to the 50% limit. (Note that qualifying farmers may be eligible to deduct up to 100% of their adjusted gross income.) Any remaining deduction after the sixteen years (year of the donation plus 15 years) cannot be used. The deduction is not transferable to heirs or subsequent owners.

EXAMPLE:

Jane and John Doe make \$100,000 a year and own a 200 acre farm. They decide to protect their farm with a conservation easement. Their appraiser determines that their farm is worth \$800,000 without the conservation easement in place and is worth \$500,000 after the conservation easement, resulting in a difference of \$300,000 (aka the easement value).

Current value of farmland	Value after conservation easement	Difference = Easement Value/qualifying deductions
\$800,000	\$500,000	\$300,000

**John & Jane have an annual income of \$100,000.
Their deduction = \$300,000**

IF NOT FULL-TIME FARMERS	IF FULL-TIME FARMERS
Deduction = Up to 50% of adjusted gross income of \$100k	Deduction = Up to 100% of adjusted gross income of \$100k
= Up to \$50,000 per year	= Up to \$100,000 per year
Jane and John will use up \$300k deduction in 6 years if income remains the same.	Jane and John will use up the \$300k deduction in 3 years if income remains the same.

This is for example purposes only and does not constitute legal or tax advice. Please discuss your specific tax situation with your advisors.