



Ozark Regional Land Trust
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STEPS OF THE CONSERVATION EASEMENT PROCESS

The Ozark Regional Land Trust (ORLT) is a private, not-for-profit 501(c)(3) land conservation organization dedicated to preserving the unique natural character and resources of the Ozark region. ORLT achieves its mission by working with private landowners to evaluate and implement different land protection tools. ORLT has worked with private landowners to protect more than 25,000 acres of land in the Ozarks, primarily through donated conservation easements.

A Conservation Easement (C.E.) is an agreement in which a property owner limits development and restricts other activities on their land in order to protect its natural resources (forests, wetlands, streams, scenery, etc.). Each C.E. is tailored to the needs of the individual landowner and the unique characteristics of the land. C.E.s allow for continued private use and management of the land for farming, forestry, and other uses that do not destroy its long-term conservation value. The land remains in private ownership and can be sold or given away as before. C.E.s last forever and all future owners of the property are subject to the terms of the C.E. agreement.

A landowner may be able to realize tax savings through the donation of a conservation easement. If certain requirements are met, such donations will constitute a deductible charitable gift and may also reduce estate taxes.

The time required to complete a conservation easement can vary based on the particular terms of the easement and the schedule of the people involved. The process can be as short as two months but can take six months or more in some situations. The process of donating a conservation easement to ORLT usually follows the following steps:

- Step 1:** Initial Inquiry. A landowner makes an inquiry and obtains information about ORLT and conservation easements.
- Step 2:** Meeting with Landowner and Site Visit. ORLT staff meets with the landowner to identify their goals/objectives, understand the characteristics of the property, and talk about conservation easement terms. A legal description of the property is obtained (from the landowner or land records) to enable ORLT staff to prepare an initial map of the boundaries.
- Step 3:** ORLT Board Preliminary Approval. The project is presented to the ORLT board of directors for its preliminary approval. The board reviews the proposed project for consistency with ORLT's strategic plan. If approval is given, ORLT staff can then proceed with drafting the conservation easement in conjunction with the landowner.

- Step 4:** Memorandum of Understanding. Once a landowner has decided to pursue an easement on their property, ORLT and the landowner will prepare a short memorandum of understanding outlining the process, timeline, and the costs involved. This helps keep the process on track and reduces the possibility of misunderstandings. Funding for the project should be discussed at this stage, including whether the landowner is able to cover the costs or other grants and donations must be sought.
- Step 5:** First Draft of C.E. A first draft of the conservation easement is prepared based on discussions between the landowner and ORLT. ORLT might solicit outside experts (biologists, foresters, etc.) to identify/assess important resources on the property and make recommendations for their protection.
- Step 6:** Review by Landowner. The draft conservation easement is sent to the landowner for their review. This is followed by a meeting to answer questions and discuss revisions. This step may involve several drafts and meetings, as well as the involvement of the landowner's professional advisors. If the landowner intends to claim a tax deduction for donation of the conservation easement, they should contact a qualified appraiser well in advance of closing.
- Step 7:** Final Draft of C.E. The landowner and ORLT arrive at a final draft of the conservation easement.
- Step 8:** ORLT Board Final Approval. ORLT staff presents the finalized version of the project to ORLT's board for final approval. This gives ORLT staff and the organization's president authority to close the project with the landowner.
- Step 9:** Title Search. A title search is ordered by ORLT to ensure that there are no unknown encumbrances (e.g. a mortgage) on the land that might threaten the validity of the conservation easement.
- Step 10:** Baseline Report: ORLT completes a baseline documentation report for the land and provides a draft to the landowner for review.
- Step 11:** Pre-Closing: ORLT and the landowner address any outstanding issues with the conservation easement or baseline documentation report. They review the title report and address any title defects. They also review funding commitments for project, whether from the landowner or other sources. The final documents are prepared for closing.
- Step 12:** Closing: The landowner and ORLT sign the conservation easement and baseline documentation report. The conservation easement is recorded in the county land records. Funding of project costs is obtained or a pledge agreement signed.
- Step 13:** IRS Documentation: If a tax deduction will be claimed by the landowner, the landowner ensures that the appraisal is completed within IRS timing requirements, landowner obtains gift substantiation letter from ORLT, and landowner files IRS Form 8283 with tax return.

Questions? If you have any questions about ORLT, the conservation options it offers landowners, or the above process, please do not hesitate to contact us at the information above.