



Costs Associated with Conservation Easements

There are certain costs related to the donation of a conservation easement. This is a brief review of what these costs may be. NPC's staff can assist you in determining which of these costs will apply to your situation.

Survey

In order for a conservation easement to adequately protect a property, the property description must be based on a legal survey with any reserved building rights clearly located. A conservation easement that covers an entire property may be based on a previous survey, such as the one the landowner may have from his or her purchase of the property. If the easement allows for development in particular areas of the property or only covers a portion of the property, the landowner may need to have those areas surveyed. NPC staff can advise the landowner on the requirements of his or her particular property.

Appraisal

A conservation easement donation to NPC may enable the landowner to claim a federal income tax deduction. The IRS views the donation of a qualified conservation easement as a charitable contribution. However, in order to claim a deduction, the value of the conservation easement must be determined by an appraisal. The appraiser the landowner chooses should have experience with appraisals of development rights. The IRS guidelines for a "qualified appraisal" must be followed in order for the value of a conservation easement donation (determined by the appraisal) to qualify as a charitable contribution. In many cases, the cost of the appraisal is also tax-deductible.

Legal Fees

The conservation easement agreement used by NPC is developed by legal professionals. NPC's staff will discuss the structure and content of the document with the landowner.

NPC strongly advises that the landowner's attorney review the conservation easement, particularly if the easement covers more than straightforward land protection (such as future subdivision allowances).

Northcentral Pennsylvania Conservancy Expenses

NPC does not charge for the 40 to 75 hours of staff time spent developing a conservation easement. NPC will also pay the cost of recording the easement in the local land records. In most cases NPC requires a title search of a property before an easement is put in place.

Stewardship Fund Donation

In accepting the donation of a conservation easement on a property, NPC takes on stewardship responsibilities to ensure that the integrity and terms of the easement are not violated. These responsibilities include annual monitoring and enforcement of the terms of the easement in perpetuity. They are permanent obligations that NPC must have the capability to carry out 20, 50, even 100 years into the future. Therefore, NPC has always requested that each donor of an easement also make a stewardship contribution to cover the responsibilities that accompany the easement. The stewardship contribution helps to insure that the terms of the easement will be in full force long after the current owners have departed. All stewardship contributions are kept in

NPC's stewardship fund, which is used only to meet the costs of monitoring and enforcing conservation easement agreements. Guidelines for contributions to the Stewardship Fund are available from NPC's office.

Other Professional Fees

Although donating a conservation easement may result in charitable contributions, NPC cannot guarantee any type of tax deduction. Compliance with the law and determination of deductibility and tax benefits are the responsibility of the landowner and the landowner's advisors. NPC strongly recommends that anyone considering the donation of a conservation easement contact appropriate counsel and work with them during this process.

In addition, if a property is mortgaged, the landowner will need to obtain an agreement from the mortgage holder to subordinate its interest so that the easement is not extinguished in the event of foreclosure. Some banks charge for executing such agreements.