



## Information for Donors Considering a Fee Title Donation of Land

A donation of land to the Santa Fe Conservation Trust (SFCT) is an act of generosity with legal and tax implications for the donor. It is important that you carefully consider this decision and obtain independent legal and tax advice throughout the process. SFCT will work with you to craft an outcome that both parties wholeheartedly support.

### *Process Overview*

The fee title donation process typically takes at least four months, although it can take longer if the project is complex. Here's a rundown of the steps involved:

1. **Initial Information Gathering.** We start by having a discussion about the property, your goals, and SFCT's goals. We encourage you to visit our website ([sfct.org](http://sfct.org)) and the Land Trust Alliance ([lta.org](http://lta.org)) to learn more. We'll ask you to complete a questionnaire to help us gather information. We'll also perform some initial research about the property, such as looking up zoning and biological data.
2. **Initial Meeting and Site Visit.** The next step is to meet with you and conduct a site visit. We take this time to learn about the history of the property, its previous uses, and collect any information you have about the property, such as warranty deeds, title reports, tax information, surveys, maps, water rights information, biological or cultural resource assessments, etc. We'll also discuss your goals and plans for the structure of the donation in a more in-depth way.
3. **Review by SFCT staff and Land Review Committee.** After our visit, SFCT staff will review the potential project, taking into account our organization's goals and priorities. We will then consult with our Board's Land Review Committee to determine whether or not to move forward with due diligence for the donation. The Land Review Committee will consider whether SFCT would likely hold the property long-term for conservation purposes (not very common) or sell the property and use the proceeds to fund our mission work (more common). A conservation easement could be incorporated in either scenario, if appropriate.
4. **Initial Due Diligence.** If the Land Review Committee recommends pursuing the donation, SFCT will conduct initial due diligence, including title investigation and estimating property value (with your help). In most cases any existing mortgages on the property would need to be released at closing.
5. **Review by SFCT Gift Acceptance Committee.** After initial due diligence has been completed, our Board's Gift Acceptance Committee will meet to review the results and determine whether SFCT should pursue the donation.



6. **Donation Agreement.** If the Gift Acceptance Committee approves moving forward, we will send you a Donation Agreement that lays out SFCT's intent to accept donation of the land and your intent to complete the donation, pending completion of full due diligence. We will use this Agreement to open escrow at a title company mutually agreed on by you and SFCT. In most cases, the Donation Agreement will call for the donor to pay the escrow fee, any documentary tax or real property transfer tax, and the premium for SFCT's title insurance policy. The Donation Agreement may also call for the donor to make a cash charitable contribution to SFCT at closing, to cover our costs of holding the property. These are items we can discuss together. We encourage you to consult a tax advisor about the deductibility of these costs.
7. **Preliminary Appraisal (optional).** At this point some donors hire an appraiser to produce a preliminary appraisal that offers a rough sense of the value of the property. A preliminary appraisal cannot be used for tax purposes to claim a deduction for the gift, but it can help donors with specific expectations of value decide whether or not to move forward with a donation.
8. **Survey (in some cases).** SFCT requires an accurate understanding of the property boundaries, so if a current survey does not exist on record, we will likely need to obtain one. In most cases, SFCT asks the donor to pay for the survey.
9. **Environmental Assessment (in many cases).** A Phase One Environmental Assessment may be necessary to determine whether there is hazardous material present on the property. This report is required for liability reasons, and must be prepared by a qualified consultant. In most cases, SFCT asks the donor to pay for the Phase One Environmental Assessment.
10. **Full Appraisal.** If you will be seeking state or federal tax benefits for the donation of the property, you will need to commission a "qualified appraisal" of its value. The date of valuation of your appraisal must be no more than 60 days prior to the date of the donation, and no later than the tax return filing date. Please note that SFCT will request a copy of the appraisal before we sign IRS Form 8283 to acknowledge receipt of the gift. We will not review the appraisal to provide you assurances of its accuracy, but will review it to be sure the property is accurately described and for the general conclusion of value. We reserve the right not to sign the Form 8283 if we have significant reservations about the claimed value of the donation. For this reason, it's a good idea to obtain a qualified appraisal and have SFCT review it prior to closing on the donation.
11. **Board of Directors' Approval.** Once all due diligence is completed and documentation is in place, we will present the project to SFCT's Board of Directors and seek a Board resolution accepting the donation.
12. **Closing.** The Warranty Deed will be signed by the donor and recorded through escrow. We ask that any cash charitable contribution described in the Donation Agreement be made at closing.



13. **IRS Form 8283.** For landowners seeking state or federal tax benefits, SFCT will review the appraisal before signing IRS Form 8283 acknowledging the land donation. We reserve the right not to sign the Form 8283 if we have significant reservations about the claimed value of the donation.
14. **IRS Form 8282.** If SFCT disposes of the donated property within 3 years of the date of the donation, we will file IRS Form 8282 and send you a copy.

#### *Tax Benefits of Land Donation*

For a fee title donation, a donor may be eligible to deduct up to 30% of their adjusted gross income in the year of the gift, and during a carryforward period of 5 years, until they've deducted the full appraised value of the property. There can also be estate tax benefits. SFCT doesn't give tax advice and we encourage you to consult a tax professional about how a donation might work for you.

#### *Costs of Land Donation*

The donation process requires careful coordination, attention to detail, and the help of professional service providers. It does cost money, but in many cases the tax benefits of a land donation more than cover these costs. Below we've laid out the average costs a donor may expect during the process. We are happy to give you more information about any of these items. In certain situations, the donor and SFCT may decide that SFCT will pay for the starred items.

Item	Approximate Cost (can vary widely)
Title Insurance and Closing Costs*	\$1,500 to \$5,000
Phase One Environmental Site Assessment (in most cases)*	\$3,000 to \$10,000
Survey (if a current one doesn't already exist)*	\$3,000 to \$10,000
Appraisal (required by the IRS if tax benefits are sought)	\$8,000 to \$15,000
Cash Charitable Contribution. <i>To offset SFCT's holding costs. May be tax-deductible to the extent allowed by law.</i>	Varies
Donor's Tax and Legal Advice.	Varies
<b>TOTAL</b>	<b>\$12,500 to \$40,000</b> plus any cash charitable contribution and tax/legal advice

Please call or email us to discuss your land and goals. 505-989-7019. [info@sfct.org](mailto:info@sfct.org)