

CHEBEAGUE & CUMBERLAND LAND TRUST

Policy and Operating Procedures regarding Forms 8282 and 8283

The purpose of this policy is to protect the reputation of Chebeague & Cumberland Land Trust (CCLT) and its donors against the appearance of impropriety, insider dealings and abusive transactions. This policy establishes operating guidelines to implement the related Internal Revenue Service Forms Donee Information Report 8282 and Noncash Charitable Contribution Form 8283. CCLT will take all steps practicable to make certain that the appraisal process is fairly and properly applied to all transactions where the Land Trust participates.

BACKGROUND LEGAL REQUIREMENTS:

8283 Noncash Charitable Contributions Form: for the Donor

IRS regulations require that no charitable deduction of property (other than cash or publicly traded securities) in excess of \$5,000 (\$10,000 for non-publicly marketed securities) will be allowed unless the donor:

- 1) substantiates the donation with a written acknowledgement from the donee organization (Treas. Reg. 1.170A-13(f)(1)) and
- 2) obtains a "qualified appraisal" from a "qualified appraiser" (as those terms are defined under Treas. Reg. 1.170A-13) and
- 3) attaches an appraisal summary using the Noncash Charitable Contributions Form 8283 to the tax return for the year in which the contribution is claimed.

IRS Form 8283 is used by the donor to report information about non-cash charitable contributions such as gifts of land or qualified conservation contributions, including conservation easements. Form 8283 must be signed and dated by the appraiser and must be signed by the donee of the property. IRS regulations state that "...the signature of the donee [on Form 8283] does not represent concurrence in the appraised value of the contributed property. Rather it represents acknowledgement of receipt of the property described in the appraisal summary on the date specified in the appraisal summary, and that the donee understands the [additional] reporting requirements [for such gifts.] (Treas. Reg. 1.170A-13(c)(4)(iii)).

If the donated property is a "qualified conservation contribution" as defined in Internal Revenue Code 170(h), the donor must attach a supplemental statement to IRS Form 8283 "showing the FMV [Fair Market Value] of the underlying property before and after the gift and the conservation purposes furthered by the gift" (Treas. Reg. 1.170A-14(i) and Instructions for Form 8283 (Rev. October 1998).)

8282 Donee Information Return: for the Donee

The Land Trust must file Form 8282 if they sell, exchange, consume, or otherwise dispose of (with or without consideration) charitable deduction property (or any portion) within 3 years after the date the land trust received the donated property (Instructions for Form 8282). This

requirement is also described in Treas. Reg. 1.170A-13(c)(4)(iii). The Land Trust is not required to file this form if the property is distributed by the land trust without consideration in the furtherance of the tax exempt purpose for which the donation was made.

LAND TRUST PROCEDURES TO BE USED:


The following procedures shall be used by CCLT in order to ensure compliance with the above requirements:


1. Prior to accepting a donation of land or a conservation easement that the CCLT project leader reasonably believes has a value that exceeds \$5,000, and as soon as practicable after becoming aware of the possibility of such gift being made, the responsible CCLT project leader will provide a copy of **The Land Donor Letter** to the donor to ensure that the donor is aware of CCLT's procedures in this area.
2. CCLT shall sign a donor's Form 8283 only if all of the following conditions have been met:
 - a. All relevant information is completed on the Form 8283 including the identification of the property donated, the physical description of the condition of the property donated, the appraised fair market value, the declaration of the appraiser and the taxpayer's identification number.
 - b. The donor provides a complete copy of the signed qualified appraisal commissioned by the donor that is the basis for the appraisal summary stated in the Form for CCLT's internal accounting purposes.
 - c. The donor provides CCLT with a statement from the appraiser who completed the qualified appraisal for the donation attesting that:
 - 1) the appraiser is a State General Certified appraiser, as those terms are defined by the Appraiser Qualifications Board under authority of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989;
 - 2) in making the appraisal, the appraiser applied generally accepted professional appraisal standards, including those established for gifts of qualified conservation contributions as defined under IRC section 170(h);
 - 3) the appraisal satisfies all requirements for a "qualified appraisal" as that term is defined under Treas. Reg. 1.170A-13(c)(3);
 - 4) the appraiser has the expertise and experience to make appraisals of conservation easements and conservation lands;
 - 5) the appraiser has not been barred from presenting evidence or testimony in any administrative proceeding before the Department of the Treasury or the Internal Revenue Service or other administrative bodies;
 - 6) the appraisal has taken into account any increase in value to nearby real property owned by the donor or a party related to the donor, resulting from the contribution of land or qualified conservation contribution;
 - 7) the appraiser will certify that he/she is aware of any relationship between the donor and the donee, CCLT, and that such relationship did not create a conflict of interest and influence the appraiser's conclusion of fair market value; and

- 8) the appraiser will further certify that the relationship between himself/herself and CCLT did not influence the appraiser's conclusion of fair market value.
 - d. Form 8283 does not include factual errors, such as, for example, incorrect acreage or county location, or incorrect number of shares for a gift of stock. (For this purpose, the appraised fair market value or questions as to the tax deductibility of the donated interest shall not be considered to be factual issues.)
 - e. In the case of a "qualified conservation contribution," the Form includes the supplemental "...statement showing the FMV of the underlying property before and after the gift and the conservation purposes furthered by the gift," as is required in the instructions for Form 8283.
3. A designated Board member must have received a completed Form 8283 and completed appraisal prior to signing Form 8283, if requested, for all donors of real estate and non-cash contributions.
4. If CCLT has signed a Form 8283 with respect to donated property, it must complete and submit to the Internal Revenue Service a Donee Information Return, Form 8282, for all such property (including real estate or interests in real estate) transferred or sold within three years of its acquisition. A copy of the form that is submitted to the IRS shall be provided to the donor. The only exception to the requirement for submitting the Form to the IRS shall be for real estate transferred solely for conservation use and without financial consideration.
5. All gift acknowledgement letters provided by CCLT to donors for gifts where Form 8283 has been signed must clearly state that CCLT does not take a position on either the value or the tax deductibility of the gift.

Reference: Triangle Land Conservancy

Certified by:


 Kerry McCormack, Secretary


 Date