



Conservation Easement Overview:

We would like for you to be familiar with some of the basic provisions of the North American Land Trust's Conservation Easement form. As you are aware, a Conservation Easement is a very specialized document. Many of the provisions are dictated by specific legal requirements that are essential to the qualification of the Conservation Easement for the tax benefits taken at the time of the donation. Others are compelled by NALT's need for consistent, perpetual monitoring and enforcement responsibilities. As a result of these factors, many provisions are not subject to negotiation or material modification. This is explained further below.

Protecting the Conservation Purposes and Conservation Values. One of the primary requirements of the Internal Revenue Code and Treasury Regulations is that a Conservation Easement impose restrictions on a property that are designed to protect the property's "Conservation Purposes" and "Conservation Values", such as natural scenic views enjoyed by the general public or significant natural habitats. These will be described in the "Whereas" clauses and in the separate Baseline Documentation.

Restrictions and Reserved Rights. Those restrictions that protect the Conservation Purposes and Conservation Values are found in Articles 3 and 4 of the Conservation Easement. Article 3 contains the basic Conservation Easement restrictions. NALT's form describes the Reserved Rights or "carve outs" in Article 4 together with provisions for the approval of these Reserved Rights, where required. These are specific activities that NALT agreed can be conducted on the Conservation Area without adversely affecting the Conservation Values or Conservation Purposes. Reserved Right may be conducted even if they would otherwise be prohibited by Article 3. It is therefore important for you to remember when initially reviewing Article 3 that you might find the rights you are looking for in Article 4.

Articles 3 and 4 are designed to work together and to be read together. You will see statements to that effect at the beginning of both Article 3 and Article 4. Also, please keep in mind that ultimately the Conservation Easement document is the sole determiner of the rights you retain after donating this Conservation Easement, not this letter or any other documents, correspondence or verbal communications.

Other Mandated Provisions

Some of the other Conservation Easement sections that are mandated by law are the following:

- 5.2/5.3 That if the Conservation Easement is to be transferred by NALT it must be transferred to another "qualified organization."
- 6.2 NALT must have the right to go to court to stop an ongoing violation.
- 6.10 Reimbursement of expenses is necessary to assure that NALT will not be drained of its enforcement resources should a future owner violate the Conservation Easement.
- 7.2 The Conservation Easement must vest in NALT a real property interest.
- 7.6/7.7 If the Conservation Easement is extinguished for any reason NALT must be entitled to receive its proportionate share of the economic benefit of extinguishment.
- 7.9 The Conservation Easement must be perpetual and "run with the land."



- 7.11 All present and future mortgages or deeds of trust must be subordinate to the Conservation Easement.

As you will see in our Conservation Easement document, there is provision for a fee payable upon certain future transfers of the real property at a rate of 1% of the price paid or value. This fee will be used to sustain NALT's stewardship of this and other easements in accordance with NALT's Stewardship Fund policy.

The Conservation Easement cannot be amended. Should you or your legal counsel wish to request clarifications on any portion of the Conservation Easement draft please submit in a letter or email, NALT has experience with just about any request you can make, so they can assist with questions you may have.