

The transaction [requirements](#) and accreditation application reference appraisals in two places: Project Due Diligence and Tax Deduction. While these appraisals can look very similar at a quick glance, they serve different purposes.



I. Project Due Diligence

7. Independent appraisal by qualified appraiser obtained prior to closing for each purchase or bargain-sale purchase. If the property has a very low economic value, a full appraisal is not feasible before a public auction, or the amount paid is significantly below market value, a letter of opinion from a qualified real estate professional can be obtained instead of an independent appraisal.

V. Tax Deduction

6. Land trust evaluates the Form 8283 and any landowner's appraisal and addresses concerns before signing the Form 8283 for the following:

- a. Landowner's appraisal is qualified and includes the following:
 - i. Property description for the gift that was donated
 - ii. Effective date not more than 60 days before the donation
 - iii. Statement the appraisal was prepared for income tax purposes
 - iv. Value for the entire contiguous parcel, if clearly applies
 - v. Consideration of enhancement, if clearly applies

You can save yourself time in the accreditation process and avoid questions from the team that reviews your application by making sure you provide the right appraisal in the right part of the application. **The chart below helps compare the two types of appraisals.**

	Purchase appraisal	Qualified appraisal to support donor's income tax deduction
Which are applicable indicator elements in the Standards?	9H1, 9H2	10A1, 10C2, 10C3, 10C4
Who is client?	Land trust (or funding partner)	Landowner* <i>(*If the land trust pays for this appraisal, the payment should be appropriately acknowledged)</i>
What is purpose of appraisal?	Used by land trust to: <ul style="list-style-type: none"> • Justify price paid • Show fiscal responsibility • Avoid inflating market value • Avoid private inurement or impermissible private benefit • Substantiate price paid in a changing market 	<ul style="list-style-type: none"> • Used by landowner to determine value of the gift in support of claiming a tax deduction • Evaluated by land trust to confirm whether it has any substantial concerns about the qualified appraisal or appraised value as part of not knowingly participating in a transaction that is potentially fraudulent or abusive
When is the appraisal obtained?	At a minimum, prior to acquisition	To be a qualified appraisal: <ul style="list-style-type: none"> • If obtained before closing, effective date of valuation must not be more than 60 days prior to the date of the gift* • If obtained after closing, effective date of valuation

	Purchase appraisal	Qualified appraisal to support donor's income tax deduction
Where in the accreditation application is it provided?	<ul style="list-style-type: none"> • Main application: Transactions section [T2] • Project documentation: Project Due Diligence 	<p>For conservation easements, the date of the gift is the date of recording)</p> <ul style="list-style-type: none"> • Project documentation: Tax Deduction
Where can I find more information? <i>To access links please log-in to the Alliance's The Learning Center</i>	<ul style="list-style-type: none"> • Practice Element 9H1 • The Art of Appraisals • Learn Practice Element 9H1: Obtaining an Independent Appraisal self-study module • Practice Element 9H2 • Learn Practice 9H2: Documenting a Purchase Price Above Appraised Value self-study module 	<ul style="list-style-type: none"> • Practice Element 10A1 • Practice Element 10C2 • Practice Element 10C3 • Practice Element 10C4 • Practical Pointer: Qualified Appraisal Checklist • IRS Publication 561: Determining the Value of Donated Property

Have questions? Please email info@landtrustaccreditation.org