



Preservation Easement Program *Donation Procedures*

Thank you for considering the donation of a preservation easement to Landmarks Illinois (“LI”). Your donation will advance the goal of preserving the rich historical and architectural heritage of Illinois and preserve your historic structure for future generations. Your gift may also qualify as a charitable donation deduction for federal income tax purposes. This outlines the steps that LI intends to take as you donate your gift. As you proceed, you should seek professional advice to determine the legal and tax consequences of your donation.

1. HISTORIC ELIGIBILITY

A property listed in the National Register of Historic Places or that is a contributing structure within a National Register or certified local historic district may be eligible for a donation deduction. The National Park Service makes the determination of eligibility upon the submission of a Part 1 Certification application. If the property is determined to be eligible, LI will determine whether to accept the proposed donation.

2. STATEMENT OF UNDERSTANDING

All donors must agree to and sign LI’s Donor Statement of Understanding.

3. FORMS

♦ LANDMARKS ILLINOIS EASEMENT CONTRIBUTION APPLICATION

This form must be completed by the owner and returned to LI along with a check for a review fee in the amount of \$500 to initiate the process. The review fee enables LI to obtain a report on the title of the property, prepare and submit the Part I Certification application, as described below, and have its outside counsel begin preparation of documents, among other things. The review fee does not guarantee acceptance of an easement donation.

♦ PART 1 CERTIFICATION

This form must be signed by the owner with the information on the significance of the property completed with the assistance of LI. The owner shall provide representative digital images of all exterior elevations of the property. These images shall be on a disc in jpeg format. LI will forward the form and photographs to the Illinois Historic Preservation Agency and National Park Service for review and approval. Approval is necessary to qualify your donation for a charitable deduction. This process may take several weeks to complete.

4. SITE VISIT

LI will make a site visit to the property for preliminary determination of the condition and historic integrity of the building. If it is determined at this time that the building will not qualify for acceptance of an easement, the review fee will be returned to the owner, if requested.

5. PREPARATION OF CERTAIN FORMS

LI will prepare certain forms for use in the donation process. These forms are for the benefit of LI and contain the terms necessary for LI to protect the historic property for which the easement is donated. It is the donor’s responsibility to review LI’s forms with legal or/or financial counsel to determine the sufficiency of the forms for the donor’s tax purposes and the impact of the terms and conditions on the donor’s property.

6. MORTGAGEES' SUBORDINATION

The IRS Regulations require that lenders holding mortgages on the property subordinate to LI as holder of the easement agreement. LI will obtain a title report for the property at the time of application. An easement agreement will be created including provisions for all mortgagees' subordination. It is the owner's responsibility to obtain the mortgage holder's agreement to subordination.

7. APPRAISAL

In order to determine the value of the donation for federal tax purposes, the owner will obtain the services of a real estate appraiser familiar with historic property appraisals. The tax law has specific requirements for appraisals supporting a charitable donation of a preservation easement. We advise the owner to consult legal counsel and/or their financial advisor to ascertain whether the appraiser and appraisal report meet current IRS requirements. Per federal tax regulations, the donation must be completed within 60 days of the date of the appraisal. The preservation easement donation and its value is reported on IRS Form 8283.

8. FAIR SHARE CONTRIBUTION

Donors will be asked to make a cash Fair Share Contribution in connection with their easement donation. This gift is used, among other things, to support LI's continuing obligation to monitor owners' compliance with the preservation obligations of their easements and to enforce the terms of preservation easements when necessary. LI determines the amount of the Fair Share Contribution on an individual basis, taking into account the anticipated monitoring and enforcement requirements.

9. NOTARY

The donor's signature must be notarized on the easement agreement, as must the signature of any bank officer executing the mortgage subordination.

10. RECORDATION

When LI receives the signed and notarized easement agreement, including mortgage subordination(s), the signed Donor Statement of Understanding and Fair Share Contribution, LI will accept and record the easement. If a tax deduction is taken, it must be with respect to the tax year in which the easement agreement is recorded.

11. ACKNOWLEDGMENT

When the easement agreement is recorded, LI will send an acknowledgement of the easement and the cash Fair Share Contribution gifts and will acknowledge the gift on the donor's federal tax return.