Standard 1: Ethics, Mission and Community Engagement

Land trusts maintain high ethical standards and have a mission committed to conservation, community service and public benefit.

Practices

A. Ethics
   1. Adopt a written code of ethics and/or values statement and adhere to it in implementing the land trust’s mission, in its governance and in its operations
   2. Adopt a written whistleblower policy that protects individuals who come forward with information on illegal practices or unethical behavior
   3. Do not knowingly participate in transactions that are potentially fraudulent or abusive

B. Mission, Planning and Evaluation
   1. Adopt a mission that advances conservation and serves the public interest
   2. Establish strategic goals for implementing the mission, and review and update them, as needed, at least every five years
      a. Revisit the mission statement during the strategic review to confirm it is relevant
   3. Review programs and activities at least annually to ensure they are advancing the strategic goals and make adjustments, as appropriate

C. Community Engagement
   1. Develop an organizational culture that respects and welcomes diversity, and seek to engage people who are broadly representative of the community in which the land trust works
   2. Communicate the land trust’s work, services and impact in a manner that engages and resonates with the land trust’s community
   3. Build relationships with community leaders and other stakeholders in the land trust’s community
Standard 2: Compliance with Laws

*Land trusts fulfill their legal requirements as nonprofit tax-exempt organizations and comply with all laws.*

**Practices**

A. Compliance with Laws
   1. Do not knowingly conduct operations in violation of law

B. Nonprofit Incorporation and Bylaws
   1. Incorporate or organize according to the requirements of state law and maintain legal status
   2. Operate in accordance with established bylaws
   3. Review the bylaws at least once every five years to ensure consistency with current operations, the articles of incorporation and state law

C. Federal Tax Exemption
   1. Maintain status as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code (IRC)
      a. File a complete and accurate annual information return (Form 990 or equivalent) with the Internal Revenue Service
      b. Do not knowingly engage in prohibited activities, such as private inurement or impermissible private benefit
      c. Comply with federal lobbying limitations and reporting requirements
      d. Do not engage in political campaigns on behalf of or in opposition to any candidate for public office
Standard 3: Board Accountability

*Land trust boards act ethically in conducting the affairs of the organization and carry out their legal and financial responsibilities as required by law.*

**Practices**

A. Board Responsibility

1. Individual board members are informed of and understand their role and their responsibilities as nonprofit board members, including their legal and fiduciary duties

2. The board provides oversight of the land trust’s finances and operations by
   a. Reviewing and approving an annual budget
   b. Working to ensure that sufficient financial resources are available
   c. Receiving and reviewing financial reports and statements in a form and with a frequency appropriate for the scale of the land trust's financial activity
   d. Reviewing the externally prepared financial audit, review or compilation
   e. Adopting written policies or procedures for the responsible and prudent investment, management and use of financial assets

3. The board hires, oversees and evaluates, at least annually, the performance of any executive director (or chief staff person)

4. The board may delegate decision-making and management functions to committees, provided that committees have clearly defined roles and report to the board or staff

B. Board Composition and Structure

1. Have a board of sufficient size, skills, backgrounds and experiences to conduct its work effectively

2. Have a board substantially composed of independent members to reduce risk arising from conflicts of interest

3. Have a board development process that includes procedures for recruiting and training board members

4. Ensure the board’s presiding officer and treasurer are not the same individual

5. If a staff member serves on the board, clearly define the staff role and limit the board member role accordingly to ensure separation of duties and avoid undue influence
   a. No staff member serves as the board’s presiding officer or treasurer

C. Board Governance

1. Provide board members with written expectations for their service on the board

2. The board meets a minimum of three times per year and maintains adopted minutes of each meeting

3. Provide board members with sufficient and timely information in writing prior to each meeting to make informed decisions

4. Board members evaluate their performance annually as a group and as individuals at least once every three years

5. Adopt procedures for removing board members who are not fulfilling their responsibilities

6. Have governing documents that contain policies and procedures (such as provisions for a quorum and adequate meeting notices) to encourage broad participation and to prevent a minority of board members from acting for the land trust without proper delegation of authority
D. Board Approval of Transactions

1. The board reviews and approves every land and conservation easement transaction
   a. However, the board may delegate decision-making authority on transactions if:
      i. It establishes written policies or has bylaws provisions that define the limits to
         the authority given to the delegated entity
      ii. The delegated entity provides timely notification in writing to the full board of
          any completed transactions
Standard 4: Conflicts of Interest

*Land trusts have policies and procedures to avoid or manage real or perceived conflicts of interest.*

**Practices**

**A. Dealing with Conflicts of Interest**

1. Adopt a written conflict of interest policy that addresses, for all insiders, how conflicts are identified and avoided or managed
2. Document the disclosure and management of actual and potential conflicts
3. When engaging in any transaction with an insider,
   a. Follow the conflict of interest policy
   b. Contemporaneously document that there is no private inurement

**B. Payments to Board Members**

1. Do not financially compensate board members for board service, except for reimbursement of expenses
2. If, in limited circumstances, the land trust compensates a board member for professional services that would otherwise be contracted out,
   a. Document the circumstances surrounding the decision to do so
   b. Document how the land trust uses appropriate comparability data to determine the amount to be paid and to confirm that there is no private inurement
   c. Do not compensate the board’s presiding officer or treasurer for professional services
3. Do not provide loans to directors, officers or trustees

**C. Land and Conservation Easement Transactions with Insiders**

1. When engaging in land and conservation easement transactions with insiders,
   a. Follow all transaction policies and procedures
   b. For purchases from and sales of property to insiders, obtain an independent appraisal by a qualified appraiser to justify the purchase or sales price
Standard 5: Fundraising

*Land trusts conduct fundraising activities in a lawful, ethical and responsible manner.*

**Practices**

A. Legal and Ethical Practices
1. Conduct an analysis of state charitable solicitation laws and register where the land trust determines it is appropriate
2. Do not compensate internal or external fundraisers based on a commission or a percentage of the amount raised

B. Accountability to Donors
1. Provide accurate solicitation materials and other communications to donors and the public
2. Provide timely written acknowledgment of all gifts, including land and conservation easements, in keeping with IRS charitable contribution substantiation requirements
3. Maintain financial and other systems to document and comply with any donor restrictions on gifts
4. Have a written policy or procedure to ensure donor privacy concerns are honored

C. Fundraising Plan
1. Develop and implement a fundraising plan or program appropriate to the land trust’s size and scope to secure adequate support for its activities

D. Non-conservation Real Property for Resale
1. When acquiring non-conservation real property with the intent of selling it to advance the land trust’s mission,
   a. **Obtain a written acknowledgement** from any donor of the land trust’s intent to sell before accepting the property
   b. Follow applicable transaction policies and procedures
   c. Maintain the property while in the land trust’s ownership in a manner that retains the organization’s public credibility, manages community expectations and minimizes risk
Standard 6: Financial Oversight

_Land trusts are responsible and accountable for how they manage their finances and assets._

**Practices**

A. Fiscal Health
   1. Develop an annual budget that reflects the land trust’s annual programs and activities
   2. Develop and implement a strategy to address any deficit-spending trends
   3. Assess the nature and variability of revenue and seek to diversify funding sources
   4. Build and maintain sufficient operating reserves to sustain operations
   5. Build and maintain dedicated or restricted funds sufficient to cover the long-term costs of stewarding and defending the land trust’s land and conservation easements
      a. If funds are insufficient, adopt a plan to secure these funds and a policy committing the funds to this purpose

B. Financial Records
   1. Keep financial records in accordance with Generally Accepted Accounting Principles (GAAP) or Other Comprehensive Basis of Accounting (OCBOA)

C. External Financial Evaluation
   1. Obtain an annual financial audit, review or compilation by an independent certified public accountant or a qualified accounting professional, in a manner appropriate for the scale of the land trust

D. Written Internal Controls
   1. Establish written internal controls and accounting procedures, including segregation of duties, in a form appropriate for the scale of the land trust, to prevent the misuse or loss of funds

E. Risk Management and Insurance
   1. Routinely assess and manage risks so that they do not jeopardize the land trust’s financial health and its ability to carry out its mission and legal responsibilities
   2. Carry general liability, directors and officers liability, property and other insurance, all as appropriate to the land trust’s risk exposure or as required by law
Standard 7: Human Resources

Land trusts have sufficient skilled personnel to carry out their programs, whether volunteers, staff and/or consultants/contractors.

Practices

A. Capacity
   1. Periodically evaluate whether the land trust has sufficient volunteers, staff and/or consultants/contractors to achieve its strategic goals and carry out its programs, and then add capacity as needed

B. Volunteers
   1. Provide volunteers with training, supervision and recognition

C. Consultants or Contractors
   1. Clearly define relationships with consultants or contractors, ensure they are consistent with federal and state law and document them in a written contract, as appropriate

D. Transition Planning
   1. Develop a written transition plan to provide for continuity in the leadership and management of the land trust’s functions

E. Staff
   1. Have a written job description for each staff member and conduct periodic performance reviews
   2. Document the lines of authority, communication and responsibility between board and staff
   3. Ensure staff have appropriate training and experience for their responsibilities and/or opportunities to gain the necessary knowledge and skills
   4. Adopt written personnel policies that conform to federal and state law
   5. Provide fair and equitable compensation and benefits
Standard 8: Evaluating and Selecting Conservation Projects

Land trusts carefully evaluate and select their conservation projects.

Practices

A. Strategic Conservation Planning
   1. Identify specific conservation priorities or geographic areas where the land trust focuses its work

B. Project Selection Criteria and Public Benefit
   1. Develop and implement a written process to select land and conservation easement projects
   2. Develop and apply written project-selection criteria that are consistent with the land trust’s mission and goals
   3. Document the public benefit of every land and conservation easement project

C. Project Evaluation
   1. Visually inspect properties before buying or accepting donations of conservation land or conservation easements to determine:
      a. That the project meets the land trust’s project-selection criteria
      b. The important conservation values on the property
   2. Evaluate potential threats to the conservation values on the property and, if necessary, modify the project to best protect the conservation values
   3. Evaluate any current or potential risks associated with the project, including to the land trust’s reputation or to the land trust community, and modify the project or turn it down if the risks outweigh the benefits

D. Project Planning
   1. Individually plan all land and conservation easement projects so that:
      a. The land trust identifies the best available conservation strategy for the property
      b. The property’s important conservation values are protected
      c. The project furthers the land trust’s mission and goals
   2. Assess the stewardship implications of each project and the land trust’s capacity to meet those obligations

E. Partnership Documentation
   1. When engaging in a partnership on a joint acquisition or long-term stewardship project or when co-holding conservation easements, create written agreements to clarify:
      a. The goals of the project
      b. The roles and responsibilities of each party
      c. Legal and financial arrangements
      d. Communications to the public and between parties
Standard 9: Ensuring Sound Transactions

*Land trusts work diligently to see that every land and conservation easement transaction is legally, ethically and technically sound.*

**Practices**

A. Legal Review and Technical Expertise
   1. Obtain a legal review of every land and conservation easement transaction, appropriate to its complexity, by an attorney experienced in real estate law
   2. As dictated by the project, secure appropriate technical expertise, such as in financial, real estate, tax, scientific and land and water management matters

B. Legal and Financial Advice
   1. Do not give individualized legal, financial or tax advice when providing transaction-related information
   2. Recommend in writing that each party to a land or conservation easement transaction obtain independent legal, financial and tax advice

C. Environmental Due Diligence
   1. For every real property transaction, conduct or obtain a preliminary environmental investigation, transaction screen or Phase I assessment to identify whether there are any conditions that pose environmental risks, and take steps to address any significant concerns

D. Determining Property Boundaries
   1. Determine both the legal and physical boundaries of every protected property through legal property descriptions, accurately marked boundary corners or a survey
   2. If a conservation easement contains restrictions or permitted rights that are specific to certain zones or areas within the property, include the locations of these areas in the easement document so that they can be identified in the field

E. Conservation Easement Drafting
   1. For every conservation easement,
      a. Individually tailor it to the specific property
      b. Identify the conservation values being protected
      c. Allow only uses and permitted rights that are not inconsistent with the conservation purposes and that will not significantly impair the protected conservation values
      d. Avoid restrictions and permitted rights that the land trust cannot monitor and enforce
      e. Include all necessary and appropriate provisions to ensure it is legally enforceable
   2. Review, on the land trust’s own behalf, each potentially tax-deductible conservation easement for consistency with the Treasury Department regulations (U.S.C. §1.170A-14), especially the conservation purposes test of IRC §170(h)

F. Title Investigation and Recording
   1. **Prior to closing and preferably early in the process, have a title company or attorney investigate title for each property or conservation easement the land trust intends to acquire**
      a. Update the title at or just prior to closing
2. Evaluate the title exceptions and document how the land trust addressed mortgages, liens, severed mineral rights and other encumbrances prior to closing so that they will not result in extinguishment of the conservation easement or significantly undermine the property’s important conservation values.

3. Promptly record land and conservation easement transaction documents at the appropriate records office.

G. Recordkeeping

1. Adopt a written records policy that governs how and when organization and transaction records are created, collected, retained, stored and destroyed.
2. Keep originals of all documents essential to the defense of each real property transaction in a secure manner and protected from damage or loss.
3. Create and keep copies of these documents in a manner such that both originals and copies are not destroyed in a single calamity.

H. Purchasing Land or Conservation Easements

1. When buying land, conservation easements or other real property interests, obtain an independent appraisal by a qualified appraiser in advance of closing to support the purchase price.
   a. However, a letter of opinion from a qualified real estate professional may be obtained in the limited circumstances when:
      i. A property has a very low economic value.
      ii. A full appraisal is not feasible before a public auction.
      iii. Or the amount paid is significantly below market value.
2. In limited circumstances where acquiring above the appraised value is warranted, contemporaneously document:
   a. The justification for the purchase price.
   b. That there is no private inurement or impermissible private benefit.

I. Selling or Transferring Land or Conservation Easements

1. When selling land, conservation easements or other real property interests, establish protections as appropriate to the property.
   a. If the sale is to a party other than another tax-exempt organization or public agency, obtain an independent appraisal by a qualified appraiser or a letter of opinion from a qualified real estate professional to determine the value of the asset and to support the selling price.
   b. Select buyers in a manner that avoids any appearance of impropriety.
2. When selling or transferring conservation land or conservation easements to another tax-exempt organization or public agency, consider whether the new holder can fulfill the long-term stewardship and enforcement responsibilities.
Standard 10: Tax Benefits and Appraisals

*Land trusts work diligently to see that every charitable gift of land or conservation easement meets federal and state tax law requirements, to avoid fraudulent transactions and to uphold the public trust.*

**Practices**

**A. Landowner Notification**

1. Inform potential land or conservation easement donors who may claim a federal or state income tax deduction (or state tax credit), in writing and early in project discussions, that:
   a. The project must meet the requirements of IRC §170 and the accompanying Treasury Department regulations and/or any other federal or state requirements
   b. The donor is responsible for any determination of the value of the donation
   c. The Treasury Department regulations require the donor to obtain a qualified appraisal prepared by a qualified appraiser for gifts of property valued at more than $5,000
   d. Prior to signing IRS Form 8283, the land trust will request a copy of the completed appraisal
   e. The land trust is not providing individualized legal or tax advice

2. Do not make assurances as to:
   a. Whether a particular land or conservation easement donation will be deductible
   b. What monetary value of the gift the IRS and/or state will accept
   c. What the resulting tax benefits of the deduction or credit will be, if any

**B. Legal Requirements: Land Trust Responsibilities**

1. If the land trust holds federally tax-deductible conservation easements, meet the requirements for a qualified organization under IRC §170(h)
2. Sign the Form 8283 only if the information in Section B, Part I, “Information on Donated Property,” is complete and is an accurate representation of the gift
   a. Refuse to sign the Form 8283 if the land trust believes no gift has been made or the property has not been accurately described
3. File IRS Form 8282 when conveying a donated real property interest within three years of the date the land trust received it

**C. Avoiding Fraudulent Transactions**

1. Review, on the land trust’s own behalf, each transaction for consistency with federal and state income tax deduction or credit requirements
2. Evaluate the Form 8283 and any appraisal to determine whether the land trust has substantial concerns about the appraised value or the appraisal
3. Discuss substantial concerns about the appraisal, the appraised value or other terms of the transaction with legal counsel and take appropriate action, such as
   a. Documenting that the land trust has shared those concerns with the donor
   b. Seeking additional substantiation of value
   c. Withdrawing from the transaction prior to closing
   d. Or refusing to sign the Form 8283
4. When engaging in transactions with pass-through entities of unrelated parties that involve the allocation of tax deductions, particularly those offered or assembled by a third party
   a. Require a copy of the appraisal prior to closing
b. Withdraw from the transaction prior to closing if the appraisal indicates an increase in value of more than 2.5 times the basis in the property within 36 months and the value of the donation is $1 million or greater.
Standard 11: Conservation Easement Stewardship

Land trusts have a program of responsible stewardship for their conservation easements.

Practices

A. Funding Conservation Easement Stewardship
   1. Estimate the long-term stewardship and enforcement expenses of each conservation easement transaction
   2. Track stewardship and enforcement costs

B. Baseline Documentation Report
   1. For each conservation easement, have a baseline documentation report, with written descriptions, maps and photographs, that documents:
      a. The conservation values protected by the easement
      b. The relevant conditions of the property as necessary to monitor and enforce the easement
   2. Prepare the report prior to closing and have it signed by the landowner and land trust at or prior to closing
      a. In the event that seasonal conditions prevent the completion of a full baseline documentation report by closing, the landowner and land trust sign a schedule for finalizing the full report and an acknowledgement of interim data [that for donations and bargain sales meets Treasury Regulations §1.170A-14(g)(5)(i)] at closing
   3. When there are significant changes to the land or the conservation easement (such as a result of an amendment or the exercise of a permitted right), document those changes in an appropriate manner, such as through monitoring reports, a baseline supplement or current conditions report

C. Conservation Easement Monitoring
   1. Adopt a written policy and/or procedure for monitoring conservation easements that establishes consistent monitoring protocols and recordkeeping procedures
   2. Monitor each conservation easement property at least once per calendar year
      a. If the land trust uses aerial monitoring, conduct on-the-ground monitoring at least once every five years
      b. Promptly document the annual monitoring activities for each conservation easement

D. Landowner Relationships
   1. Maintain regular contact with owners of conservation easement properties to maintain relationships and avoid potential easement conflicts
   2. Establish systems to track changes in land ownership
   3. When the property changes hands, attempt to meet with the new owner or property manager and provide information in writing about the conservation easement and the land trust’s stewardship policies and procedures

E. Conservation Easement Enforcement
   1. Adopt a written policy and develop written procedures for documenting and responding to potential conservation easement violations
   2. Investigate potential violations in a timely manner and promptly document all actions taken
   3. Involve legal counsel as appropriate to the severity of the violation and the nature of the proposed resolution
F. Approvals and Permitted Rights
   1. Respond to landowner required notices or requests for interpretation or approvals in a timely and consistent manner, as specified in the conservation easement deed or in a written procedure.
   2. Maintain a permanent record of all notices, approvals and the exercise of any significant permitted rights.
   3. If using discretionary approvals, or if conservation easement deeds contain such clauses, establish written procedures to guide the land trust’s decision making for approvals.

G. Contingency Strategy
   1. Take reasonable steps to provide for the disposition of conservation easements in the event the land trust ceases to exist or can no longer steward and administer them.

H. Amendments
   1. Adopt a written policy or procedure addressing conservation easement amendments that are consistent with the Land Trust Alliance Amendment Principles.
   2. Evaluate all conservation easement amendment proposals with due diligence sufficient to satisfy the Amendment Principles.
   3. If an amendment is used to adjust conservation easement boundaries (such as to remedy disputes or encroachment) and results in a de minimis extinguishment, document how the land trust’s actions address the terms of J.1. below.

I. Condemnation
   1. If a conservation easement is threatened with condemnation,
      a. Take steps to avoid or mitigate harm to conservation values and document the actions taken.
      b. Have or obtain appropriate documentation of the percentage of the full value of the property represented by the conservation easement.
      c. Document the land trust’s attempts to receive its proportional share of the proceeds and use any proceeds in a manner consistent with the conservation easement deed.

J. Partial or Full Extinguishment
   1. In the rare case that it is necessary to extinguish a conservation easement, in whole or in part,
      a. Follow the terms of the conservation easement with respect to taking appropriate action and obtain judicial or regulatory review when required by law or specified in the easement deed.
      b. Ensure there is no private inurement or impermissible private benefit.
      c. Take steps to avoid or mitigate harm to conservation values or use any proceeds in a manner consistent with the conservation easement deed.
      d. Consider the land trust’s actions in the context of its reputation and the impact on the land conservation community at large.
Standard 12: Fee Land Stewardship

*Land trusts have a program of responsible stewardship for the land held in fee for conservation purposes.*

**Practices**

A. Funding Land Stewardship
   1. Determine the immediate financial and management implications of each conservation property acquisition and estimate the long-term implications
   2. Track costs associated with long-term land management, stewardship and enforcement of conservation properties

B. Land Management and Stewardship
   1. Develop a written land management plan for each conservation property within 12 months after acquiring the land to:
      a. Identify the property’s conservation values, including any significant cultural and natural features or those that have significant community value
      b. Identify the overall management goals for the property
      c. Identify activities to achieve the goals and to reduce any risks or threats to the conservation values
      d. Specify the uses that are appropriate for the property, in keeping with the property’s conservation values, any restrictions and donor or funder requirements
         i. Provide public access opportunities as appropriate to the property and the land trust’s mission
   2. Manage each property in accordance with its management plan, and review and update the plan as necessary
   3. Perform administrative duties (such as paying insurance, filing required forms, keeping records) in a timely and responsible manner
   4. Maintain the property in a manner that retains the land trust’s public credibility, manages community expectations and minimizes risk

C. Inspecting Land Trust Properties
   1. Determine the boundaries of land trust properties and physically mark them to the extent possible or necessary
   2. Inspect properties at least once per calendar year for potential management problems and promptly document the inspection
   3. Address management problems, including encroachments, trespass and other ownership challenges, in an appropriate and timely manner and document the actions taken

D. Contingency Strategy
   1. Take reasonable steps to provide for the continuing protection of conservation properties in the event the land trust ceases to exist or can no longer manage them

E. Condemnation
   1. If a conservation property is threatened with condemnation, take steps to avoid or mitigate harm to conservation values and document the actions taken