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# Overview

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## Description

This three-day certificate program is intended to provide intensive training in the valuation of historic preservation easements. The certificate program combines lectures with intensive class discussions of appraisal problems based on real-world situations. The certificate program also includes a significant homework assignment following Day 1 and a shorter homework assignment following Day 2. Each assignment will be discussed in class the following morning.

This program focuses on appraising the value of preservation easements that are donated as charitable gifts under the Internal Revenue Code. The methods and techniques discussed are also relevant to the appraisal of preservation easements that are granted in order to obtain state or local income tax or property tax deductions/credits.

The impetus for this certificate program comes from concerns expressed both within and without the appraisal profession for an educational program dealing with the appraisal of preservation easements. The program's intent is to respond to the provision in the IRS Transitional Guidance Rule of November 2006, which was adopted following the enactment of the Pension Protection Act of 2006. The Act requires that appraisers who appraise easements donated after February 2007 "must have a combination of education and experience relevant to the property being valued, and describe such education and experience in the appraisal."

This certificate program is also intended to complement the *Valuation of Conservation Easements* certificate program. It is jointly developed by the Appraisal Institute, the Land Trust Alliance, the American Society of Appraisers, and the American Society of Farm Managers and Rural Appraisers. Appraisers who complete both certificate programs will have a thorough grounding in the appraisal principles, issues, and techniques of this complex and specialized area of appraisal practice.

Upon successful completion of the *Appraising Historic Preservation Easements* program curriculum and passing the program exam, participants will receive a Certificate of Completion. This Certificate will provide participants with evidence that they have completed education in this topic for potential clients and employers. **Note.** This Certificate of Completion does not provide certification of any kind, nor does it attest to the competency of the participants. Recipients of a Certificate of Completion may represent that they have completed the program's curriculum and passed the examination. However, recipients of a Certificate of Completion may not represent themselves as certified in valuation of preservation easements, as holding a certification in valuation of preservation easements, or as having a specialization, competency, or expertise based solely on the successful completion of the program. The program provider does not assume any duty to the public for the services provided by program participants, or any other person or entity.

At the conclusion of the certificate program, participants will be able to

- Describe what a historic preservation easement is and what a conservation easement is.
- Explain the similarities and the differences between a conservation easement and a historic preservation easement.
- Interpret recent national legislative and IRS guidelines and initiatives related to the appraisal of donated conservation and historic preservation easements.
- Eliminate many of the misconceptions in the appraisal community about how to undertake a historic preservation easement appraisal assignment.
- Describe recent initiatives from the Appraisal Institute, the Land Trust Alliance, and other organizations related to valuation methodologies, professional standards, courses, and certification.
- Explain the typical provisions of a historic preservation easement and how to handle the variations in possible easement provisions in the appraisal process.
- Recognize the central role of highest and best use analysis in historic preservation easement appraisals both before and after considering the easement.
- Explain the differences between legal protections provided by local landmark/historic district designation and by listing in the National Register, the differences between the protections in those designations and the protections provided by preservation easements, and how to handle those differences in the highest and best use and valuation analysis.
- Relate the history of the before and after method as it applies to easement-encumbered properties and recognize when the before and after method is and is not applicable.
- Recognize accepted and appropriate techniques for finding, researching, and analyzing sales of easement-encumbered properties.
- Demonstrate when and how the sales comparison approach can be applied to the value of an easement-encumbered property after considering the easement.
- Demonstrate when and how to apply the cost approach to the value of an easement-encumbered property.
- Demonstrate when and how to apply the income capitalization approach to the value of an easement-encumbered property.

- Analyze the pros and cons of discounted cash flow analysis (development approach) before as well as after considering the preservation easement and demonstrate how to properly apply DCF analysis in the highest and best use and appraisal process.
- Recognize how the purpose of the appraisal (e.g., property tax reduction, charitable gift deduction, eminent domain taking) and the use of the appraisal (e.g., initial support for a charitable gift deduction, administrative review proceeding, Tax Court litigation) may affect the appraisal format and content.
- Examine the most significant Tax Court case law on preservation easement valuation and recognize how to utilize the Tax Court cases as a check on the analysis and conclusions of a preservation easement appraisal assignment.
- Identify the sources and resources that can assist the appraiser in understanding and appraising easements.

## Learning Enhancements

The certificate program has been designed with a variety of elements to enhance your learning experience.

- **Preview.** To give you a taste of what is to come, each Part begins with a Preview page that identifies learning objectives to consider as you move through the content.
- **Learning Objectives.** Each learning objective covers essential information you need to know to fully understand the concepts in the certificate program. Look them over before the Part begins so that you have a frame of reference as you move through the material. At the end of each Part, reread the objectives. Are you able to perform what is stated? If not, this is the time to ask your instructor for help. Or, review the concepts that you do not understand.
- **Discussion Questions.** Discussion questions provide you with additional ideas to consider as you absorb what you are learning.
- **Appendix and CD-ROM.** The Appendix includes sample portions of easement appraisals for review and discussion—such as market analysis, highest and best use analysis, sales comparison approach, cost approach, income capitalization approach, and discounted cash flow analysis (both before and after considering the easement). The Appendix also provides excerpts from key cases and other resources. In addition, you will receive a CD-ROM with *Appraisal Journal* articles, a comprehensive bibliography, and other resources.

- **Homework.** A separate component includes homework problems.
- **Solutions.** A separate component includes the solutions. Here you will find the answers for the discussion questions and the homework problems.

## Classroom Guidelines

To make the classroom environment a positive experience, please follow these guidelines:

- 100% attendance is required. No exceptions.
- Silence cell phones.
- Communicate with business associates during break time instead of class time.
- Limit use of laptops to classroom projects.
- Put away reading materials such as newspapers and books that are not used in class.
- Use recording devices only if prior permission has been granted.
- Refrain from ongoing conversations with those seated near you and other distracting behavior.

## General Information

- **Calculators.** A financial calculator is required. The accepted model used in the certificate program is the HP-12C.
- **Breaks.** There will be two 10-minute breaks during the morning session and two 10-minute breaks during the afternoon session. The lunch break is one hour. A meal is not provided unless specified in the sponsor's advertising or in your certificate program confirmation materials.
- **Attendance sheets** will be distributed during class to verify your attendance during the morning and afternoon sessions. Attendance for the entire certificate program is required.
- **Certificates of completion** will be e-mailed upon completion of the certificate program.