

# Choosing a Tax Credit Broker

Tax credit brokers help you navigate the process of obtaining conservation easement tax credits from your donation. A good tax credit broker will provide helpful guidance and support throughout the donation process and beyond. Given the breadth of state and federal laws and regulations regarding conservation easements and tax credits, it is prudent to engage with an experienced and effective tax credit broker as soon in the process as possible. Here are some questions you might ask the brokers to help you figure out which one is right for you:

## **Relationship:**

1. If I am unhappy with your services, can I use a different tax credit broker? Yes / No

Please explain: \_\_\_\_\_  
\_\_\_\_\_

2. What % of the value of my tax credit will I receive? \_\_\_\_\_
3. What percent do you keep for your services? \_\_\_\_\_
4. What other fees or charges are required for your services? \_\_\_\_\_

## **Experience/Expertise:**

1. How long has your firm been involved in the transfer of conservation tax credits in Colorado? \_\_\_\_\_  
\_\_\_\_\_
2. How many tax credit transactions has your firm completed? \_\_\_\_\_
3. How many tax credits that your firm has transferred have been discredited or are currently being challenged?  
\_\_\_\_\_
4. How many conservation easement tax credits has your firm applied for this year? \_\_\_\_\_
5. How many of those tax credits applied for have been approved and issued a certificate by the Division of Real Estate? \_\_\_\_\_
6. On average, in the last year, how long does your firm require to complete (once you have all of the documents you need):
  - a. Due Diligence Review \_\_\_\_\_
  - b. Tax Credit Application Process \_\_\_\_\_
  - c. Sale of Tax Credits \_\_\_\_\_

## **Due Diligence Review:**

1. Does your firm review the following documents for compliance with State and Federal regulations?

Appraisal	yes / no
Deed of Conservation Easement	yes / no
Title Commitment	yes / no
Mineral Report (if needed)	yes / no
Subordination Agreement (if needed)	yes / no

Donee Acknowledgement Letter	yes / no
Baseline Inventory Report	yes / no
Settlement Statement (if needed)	yes / no
IRS Form 8283	yes / no
IRS Form 8283 Attachment	yes / no

Other (please list): \_\_\_\_\_

2. Does your firm provide a USPAP<sup>1</sup> compliant appraisal review by a licensed appraiser? yes / no
  - a. If yes, do you provide a fee for this service? yes / no
  - b. If no, please provide a short description of your appraisal review process and any associated fees:  
\_\_\_\_\_  
\_\_\_\_\_

3. How does your firm stay up to date on new state and federal laws, regulations and notices?  
\_\_\_\_\_

4. How does your firm communicate legislative changes to donors in a timely manner? \_\_\_\_\_  
\_\_\_\_\_

**Document Preparation:**

1. Does your firm provide the required state income tax package for tax credit transfers?
  - a. The year of the donation? yes / no
  - b. Every year following the donation, until the full credit has been used? yes / no
2. Does your firm provide the required federal income tax package for charitable deduction?
  - a. The year of the donation? yes / no
  - b. Every year following the donation, until the full deduction is used? yes / no

**Service to the Conservation Community:**

1. How does your firm participate in Colorado's conservation community? \_\_\_\_\_  
\_\_\_\_\_
2. Please list one customer in Larimer County whose conservation easement tax credits you have brokered, along with their contact information \_\_\_\_\_  
\_\_\_\_\_
3. If none, please list a customer nearby whose conservation easement tax credits you have brokered, along with their contact information \_\_\_\_\_

\_\_\_\_\_  
<sup>1</sup> Uniform Standards of Professional Appraisal Practice