

**Islands Trust Conservancy – General Process for Negotiating and Registering Covenant (and EcoGift)**

**NAPTEP Natural Area Protection Tax Exemption Program Checklist**

\* Beginning from when NAPTEP Application and Phase 1 fee submitted by landholder

<b>NAPTEP PHASE 1</b>			
<b>Task</b>	<b>Responsibility</b>	<b>Details</b>	<b>Timeframe</b>
Application received and reviewed	ITC	ITC staff review the application, confirm eligibility, and contact the landowner to arrange for a site visit	Approx. 2 weeks
Site visit	ITC / landholder	Walk the property together and discuss conservation goals, process, property vision, etc	2 – 3 weeks (variable depending on schedules)
Application prepared for ITC Board review	ITC	ITC staff prepares a detailed staff report and recommendation for the next Board meeting; Board meetings are in January, March, May, July, October, and November. Timeframe depends on alignment with deadlines for Board meeting information	1 – 2 months
ITC Board approval of Conservation Proposal	ITC	ITC Board decides whether or not to take on the conservation covenant	
Confirm covenant co-holder	ITC / landholder	Discussions and agreement with any proposed local conservancy as co-holder of covenant	Concurrent with preparing staff report
First Nations referrals	ITC	First Nations referrals providing 90 day response time	3 - 4 months
Ministerial approval	ITC	* New, interim requirement for all conservation proposals to be approved by the Minister of Municipal Affairs	2 - 4 weeks
Notice to Local Trust Committee	ITC	An information-only item is sent to relevant Local Trust Committee. ITC staff may also discuss the application with Islands Trust Planning Team	
Referrals to other agencies	ITC	Other referrals necessary only in cases where there is an agency with vested interest, e.g., adjacent to a Park, a public trail right-of-way, etc.	1 – 3 months, often concurrent with other steps
Address any concerns from referrals	ITC / TBD	Any concerns are likely related to phrasing in the covenant and ensuring that there is no potential conflict between the terms of the covenant and the agency’s rights and responsibilities	
<b>Note: ALL responses to referrals to be received prior to proceeding to Trust Council review.</b>			

Trust Council approval of entry into NAPTEP	ITC	ITC staff prepares a report for Island Trust Council. Trust Council is responsible for deciding whether or not to issue a tax exemption certificate for NAPTEP covenants. Timeframe depends on alignment with deadlines for Trust Council meetings (held quarterly).	3 - 6 months after ITC Board approval
<b>Total time for Phase 1</b> (from Application submitted to review by Trust Council): variable but <b>average 6 - 7 months</b>			
<b>NAPTEP PHASE 2</b>			
Task	Responsibility	Details	Timeframe
Phase II fee payment	Landholder	Phase II fee payment required before proceeding	
Priority Agreement from Mortgage Holder	Landholder (ITC can provide advice)	As needed, if a mortgage exists on the property. The mortgage holder will need to provide preliminary approval (in principal) before next steps proceed.	variable
Contract surveyor	Landholder (ITC can provide advice)	A survey conducted by a qualified BC Land Surveyor is required to delineate protected area boundaries, unless the covenant will apply to the entire property. Timeframe depends largely on surveyor availability.	Approx. 2 weeks
Legal, tax, financial, estate planning advice	Landholder	Landholder should obtain independent professional advice about tax and financial implications of registering a conservation covenant.	Throughout process
Contract Baseline Inventory	Landholder (ITC can provide advice)	Baseline assessment of ecological and other features, conducted by qualified biologist. <b>Contractor to be pre-approved by ITC.</b> Timeline depends on biologist availability and time of year.	1 – 3 months
Baseline Inventory Report		ITC staff review draft baseline report and confirm is acceptable	
Negotiate covenant agreement	ITC / landholder / co-covenant holder(s)	ITC prepares first draft of covenant using NAPTEP template. Review by co-covenant holder(s), then land holder, then on-going discussions and iterations as needed to agree on final wording	1 – 3 months, concurrent with other steps
Final proposed covenant sent for legal review	ITC / landholder / co-covenant holder(s)	All parties advised to obtain independent legal advice.	3+ weeks
Add lawyer changes	All	If any edits, send to other parties for agreement and final legal review	
Finalize covenant	All agree	<b>Final covenant agreed on. Placed on agenda for next ITC and co-covenant holder Board meetings.</b>	
Co-holder(s) Board final approval	Co-holder(s)	Timeframe depends on alignment with Board meetings	2 – 4 weeks
ITC Board final approval	ITC	Timeframe depends on alignment with Board meetings	

Prepare signatures and registration documents	Landholder	Landholder's lawyer or notary prepares conveyancing documents and coordinates signatures from all parties (must be witnessed by lawyer or notary). Landholder's lawyer or notary prepares and submits application documents to register covenant with Land Titles Office.  * Note that the covenant must be registered with Land Titles Office by October 15 <sup>th</sup> in any given year, to meet the deadline for tax benefits the following tax year.	1 week + up to 2 weeks for application to process and covenant to register on title
Issue Natural Area Exemption Certificate (NAEC)	IT / ITC	The tax exemption certificate is issued once Land Titles Office confirms that the covenant has been registered on title. ITC sends the original to the landholder and copies to the co-covenant holder, BC Assessment, and the relevant Regional District.	Can take up to 2 weeks for application to register
File Notice of Certificate with Land Titles Office	ITC	Once the natural area exemption certificate is issued, ITC's lawyer files it with the Land Titles Office. DUE DATE FOR REGISTRATION: October 31 <sup>st</sup> for tax benefits the following year	
<b>NAPTEP Covenant and Tax Exemption Certificate complete! Rejoice!</b>			
<b>Total time for Phase 2</b> (from Trust Council approval to covenant registration): <b>average 8 months</b> but can take up to 2 years depending on complexity of project and covenant negotiations			
<b>Ecological Gift Application (*optional Environment and Climate Change Canada Program)</b>			
Arrange Appraisal	landholder	Can happen any time after the covenant is finalized	1–3 weeks, can be concurrent with other steps
Prepare information on ecological sensitivity	ITC		1 – 2 weeks after completion of appraisal
Complete Application Form	Landholder (ITC support)	Simple form to be signed by landholder and submitted by ITC with rest of application package. *Must submit within 6 months of appraisal date.*	
Submit Ecological Gift Application to Environment Canada	ITC	Submit within 6 months of appraisal date. Includes: ITC letter, ecological assessment, appraisal, application, final signed covenant, title search showing registered covenant	
Review and approve EcoGift application	Ecological Gifts program	Regional Director reviews application and prepares Certificate of Ecological Sensitivity, then application forwarded for assessment and approval. Landholder receives an official determination of the Fair Market Value (the value of the expected charitable tax receipt)	Up to 3 months
Accept or reject the Fair Market Value (FMV)	landholder	If reject, apply for redetermination; landholder responsible for both decision and communicating with Ecological Gifts Program	

Final <i>Statement of Fair Market Value of an Ecological Gift Pursuant to the Income Tax Act of Canada</i> issued	Ecological Gifts Program	Ecological Gifts Program issues official <i>Statement of FMV</i> and sends to landholder. Landholder forwards to ITC	1 – 3 weeks after receipt of landholder acceptance
Issue Ecological Gift receipt	ITC	official donation receipt	1 – 3 days
<b>Ecological Gift and Income Tax charitable gift receipt complete! Rejoice!</b>			
<b>Total time for Ecological Gifts process</b> (from covenant agreement to issuing donation receipt): <b>average 2-3 months</b> but can take up to 1 year depending on EGP capacity			