



Natural Resources Conservation Service  
U.S. DEPARTMENT OF AGRICULTURE

# ACEP-ALE Program Agreement Appraisal Responsibilities



Matt Oliver, National ACEP-ALE Program Manager

FARM PRODUCTION AND CONSERVATION  
FSA | NRCS | RMA | Business Center

# Program Agreement - Appraisal

- The entity must obtain a determination of the fair market value of the agricultural land easement for each Parcel at its own cost.
- Individual appraisals must:
  - Be completed by a State-certified general appraiser
  - Conform to the NRCS Appraisal Specifications provided as Exhibit 2 to the PROGRAM AGREEMENT and either the Uniform Standards of Professional Appraisals Practices (USPAP) or the Uniform Appraisal Standards for Federal Land Acquisitions (Interagency Land Acquisition Conference, 2016) (UASFLA).
    - **NOTE:** use of a fair market valuation methodology other than individual USPAP or UASFLA appraisals must be approved by NRCS in writing prior to the execution of a Parcel Contract or a Parcel Contract modification.
    - Exhibit 4 can be utilized for this purpose and must be added through a program agreement modification.

# Program Agreement - Appraisal

- Upon ordering the appraisal, the entity must:
  - Provide the appraiser with the NRCS appraisal specifications (Exhibit 2) and all items required to be provided as identified in the NRCS appraisal specifications.
  - Receive a separate appraisal report for each Parcel having an executed Parcel Contract.
- Under no circumstances may the entity allow the landowner to approve or disapprove of the appraiser selected to prepare the appraisal report. The landowner may not be listed as the client.

# Program Agreement - Appraisal

- For Non-certified Eligible Entities and Buy-Protect-Sell Transactions:
  - The entity must provide NRCS a completed appraisal report at least 90 days before the planned closing of the agricultural land easement
    - Required timeframe allows NRCS time to conduct a technical review of the appraisal prior to closing.
    - The entity may not close the agricultural land easement until the technical reviewer approves the appraisal report.
- For Standard ALE Transactions under the Certified Eligible Entity provisions:
  - The determination of fair market value of the agricultural land easement must meet NRCS specifications and requirements
  - Must be provided at the time the payment request package is submitted and will not be reviewed by NRCS prior to payment or closing.

# Program Agreement – Appraisal Effective Date

- Program agreements executed April 2021 – Present:
  - The effective date of the appraised value must be no earlier than 6 months prior to the date the individual Parcel Contract is executed for the individual Parcel, or no earlier than 6 months prior to the date the individual Parcel Contract is modified to identify a substitute Parcel, and prior to the closing date of the agricultural land easement on the Parcel.
- Updated appraisal policy (published April 2024):
  - The effective date of the appraisal must be no earlier than 12 months before the parcel's obligating document is executed or modified to identify a substitute parcel and must be before the closing date of the easement on the parcel (440 CPM 527.46(B)(2)).
- Modification: an existing program agreement may be modified through an optional Exhibit 4 to use the updated appraisal effective date language:
  - Amendment must be approved and executed prior to closing.

# Program Agreement – Appraisal Effective Date

Reference	Valid for Agreement Duration	Valid for 12-months from Effective Date*
Program Agreement prior to 4/21	Effective date = ≤ 6-months before or after parcel contract execution	Effective date = > 6-months before or after parcel contract execution
Program Agreement after 4/21	Effective date = ≤ 6-months before parcel contract execution	Effective date = > 6-months before parcel contract execution
440 CPM 527.46(B)(2)	Effective date = ≤ 12-months prior to parcel contract execution	Effective date = > 12-months before parcel contract execution

\*Unless a shorter useful life is identified by the technical reviewer and approved by the NRCS national appraiser.

- Modification: an existing program agreement may be modified through an optional Exhibit 4 to use the updated appraisal effective date language:
  - Amendment must be approved and executed prior to closing.



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# Appraisal and Review Valuation Suggestions and Recommendations



Mark Sonderby, National Appraiser

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# Finding and Selecting Appraisers

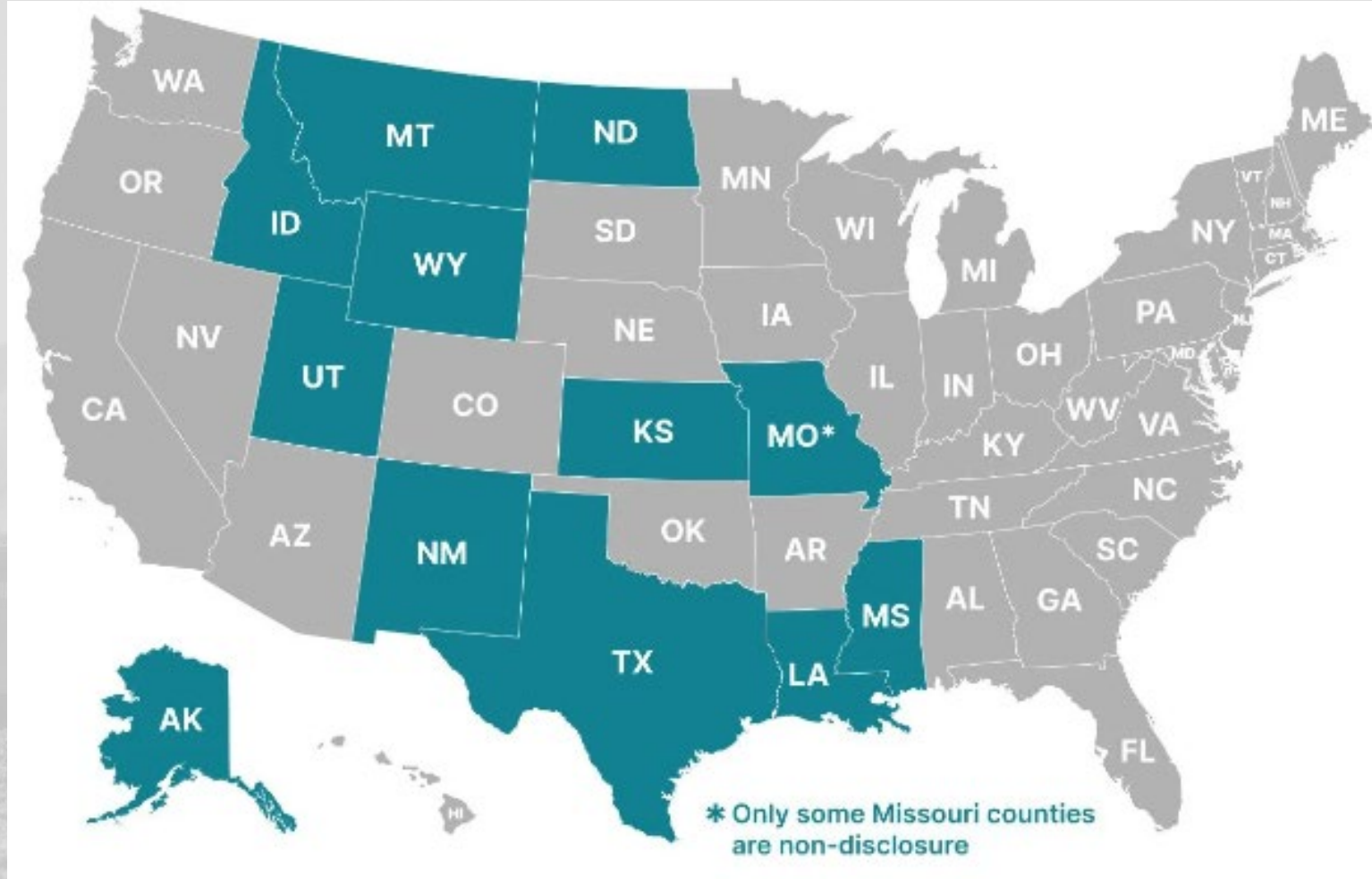
- Certified general real property appraisers in good standing - [Appraiser Registry | ASC gov](#)
- American Society of Farm Managers and Rural Appraisers - [Find a Land Expert – ASFMRA](#)
- Appraisal Institute - [AI FAA Search \(appraisalinstitute.org\)](#)
- National internet directory - [Real Estate Appraisers | National Directory of Real Estate Appraisers \(appraiserhub.com\)](#)
- Conservation Land Trusts or National Conservancy's
- Email [\*\*NRCS.NationalAppraisers@usda.gov\*\*](mailto:NRCS.NationalAppraisers@usda.gov)



# Interviews - Asking the Right Questions

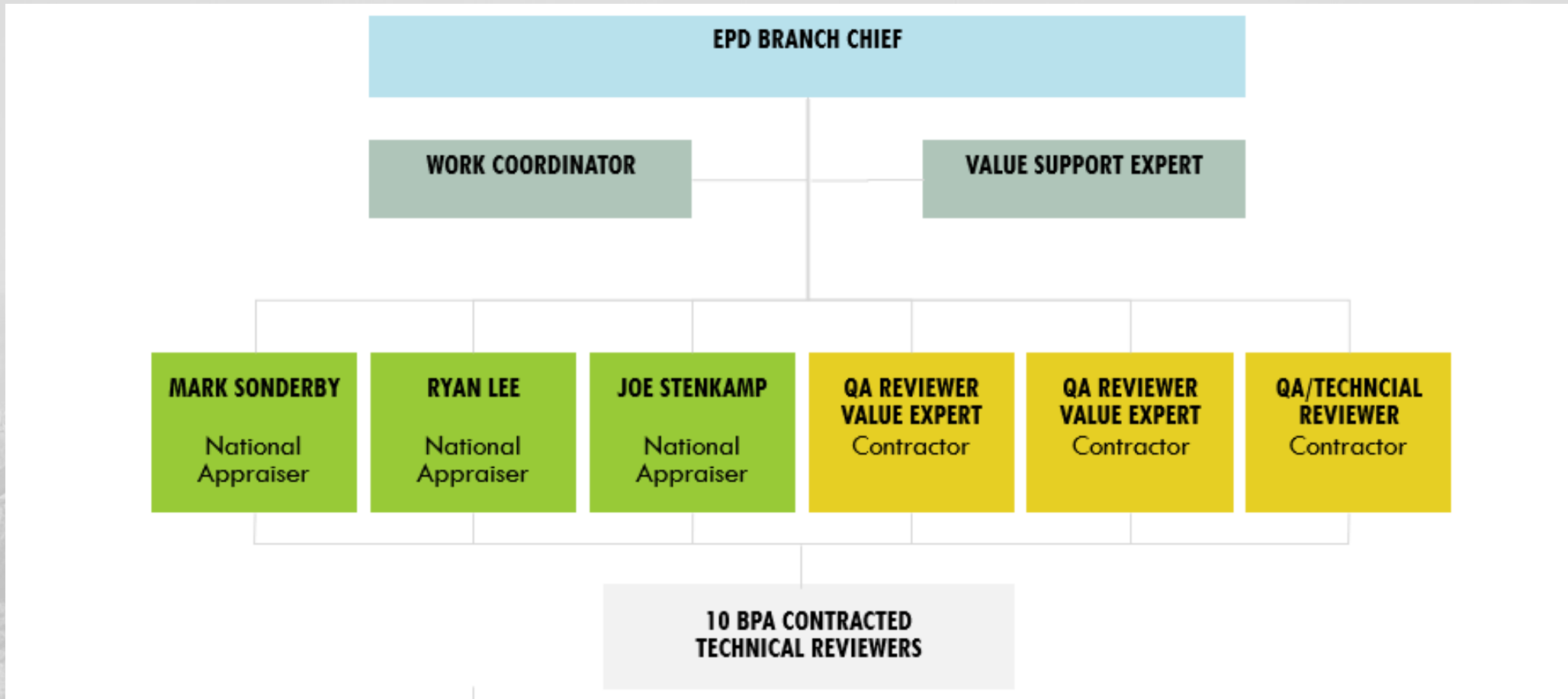
- How long have you been appraising Conservation Easements (CE) and how many have you completed?
- Which counties/areas do you work & have good data?
- Have you taken an appraisal course or seminar in Conservation Easements or Eminent Domain?
- Have you worked for NRCS or any Federal agencies?
- Have your appraisals ever been technically reviewed?
- Have your appraisals ever been disapproved?

# Non-disclosure States



\*in MO - St. Louis, Jackson, and St. Charles Counties disclose sale prices with the rest being voluntary per the statutes

# The NRCS Valuation Team & Organization



# National Appraisers Review Perspectives

- Appraisal and review work products are good when experienced and competent appraisers are hired and provided the right information
- Just follow the program specifications statement of work as provided
- Appraisers that lack experience and/or competency results in
  - Speculative and/or unsupported highest and best uses (subdivision/development)
  - Incorrectly applied or no support for market recognized adjustments in a SCA
  - Disregarding improvements in before and after conditions with no explanation
  - Inadequate or no adjustment for the rights left with owner in “after condition”
- Easement deed, appraisal specs, comp sales write-ups, maps missing
- Technical reviewers missing things and needing to be counseled

# Contract Technical Reviewer Perspectives

- Property rights not properly defined as “surface rights only”
- Incorrect market value definition used in an appraisal report
- Insufficient documentation meeting competency and education
- Speculative or unsupported highest and best use analysis/conclusion
- Appraising individual parcels or lots and then adding them together
- Disregarding improvements in the before and after property condition with no market support or explanation why – cannot just say “No effect”
- Inadequate or no analysis of rights remaining to the owner in “after condition” and no adjustments in a SCA for differences of restrictions
- Limiting condition restricts NRCS can use report for any legal purpose
- Reconciliation in a Sales Comparison Approach poorly explained and lacks any reasoning

# Suggested Checks of Appraisals Before ~ NRCS

- Ensure the correct ALE Specifications – Statement of Work was provided and that they included that in the addenda (rear) of report
- Check the appraiser(s) have latest draft CE deed and the same is included in the appraisal report addenda
- Make sure known encumbrances are addressed and were properly considered

Unauthorized extra-ordinary assumptions or hypothetical conditions used in report

Limiting conditions restricting NRCS from using appraisal for any legal/proper purposes

Appraisal of surface rights only missing in report and no explanation in the SCA

Principal appraiser not certifying personally inspected the subject or comparable sales

Properly documented competency, experience, and education requirements

# Fatal flaws resulting in report disapprovals

- Incorrect market value definition used in report
- Appraising acres outside the proposed easement area
- Speculative and unapproved hypothetical conditions
- Speculative and unsupported highest and best use analysis
- Appraising individual parcels or land types and adding them together
- Disregarding improvements in the before and after property condition with no market support or explanation why – cannot just say “No effect”
- Inadequate or no analysis of rights left with owner in “after condition”
- Incorrect sale prices and missing information on the sale comparisons
- Draft easement deed is not included in the appraisal report addenda

# Questions?

National Appraiser Inbox  
[NRCS.NationalAppraiser.gov](https://www.nrcs.nationalappraiser.gov)

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