



Appraisal Best Practices When Partnering with NRCS



Tips for Selecting a Qualified Appraiser

When selecting appraisers, only use those that are certified general real property appraisers in the state the property is located and are in good standing. Choose an appraiser that has taken a conservation easement course and has at least three-five years of experience appraising farms, ranches, row crops, and conservation easements over hiring appraisers that have only taken eminent domain or right-of-way courses as a substitute for the conservation easement courses.

When hiring appraisers in a non-disclosure state (states that don't publish sale prices), it is always best to use only those regularly practicing there and know the market area of the planned conservation easement acquisition.

Items to Provide to the Appraiser

- ◆ NRCS Appraisal Specification Statement of Work
- ◆ Copy of deed terms for the proposed easement
- ◆ Ownership documents
- ◆ Title report, including underlying documents for all exceptions of record



Appraisal Technical Review

NRCS contracts and pays for the appraisal technical review for non-certified entities.

Documentation the appraisal technical reviewer will be verifying in the report can be found in **440-Conservation Program Manuals, Part 527 Easement Common Provisions Subpart F**.

- Correct NRCS Appraisal Specification Statement of Work are provided for the assignment.
- Appraiser meets the qualifications, competency, experience, and educational requirements as stated in the Statement of Work.
- No unauthorized assumptions, limiting conditions, or hypothetical conditions. NRCS National Appraisers must approve any extraordinary assumption or hypothetical condition not already provided for in the Statement of Work.
- No limiting condition that restricts use of a report and or not including the statement that "the NRCS may use the appraisal report for any legal and proper purpose."
- Acknowledgment of how comparable sales rights and the subject's surface rights compare.
- Market support is provided for adjustments used in the sales comparison approach to value. Justification is required.
- Appraiser personally inspected the subject site and all comparable sales.

How to Find an Appraiser

A recommended source to find a good conservation easement appraiser is at **Find a Land Expert - ASFMR**.

- Click all members
- Type in property address and radius
- Click areas of expertise in doing farm, ranch, and conservation easement appraisals.

Another source is **AI FAA Search** (appraisalinstitute.org).

- Type in state
- Select "agriculture" in property class
- "Agriculture" in property type
- Leave property sub-type blank.

If you have questions or need assistance in finding a qualified appraiser, please contact the national appraisers by email at **NRCS.NationalAppraisers@usda.gov**





Appraisal Checklist For Entities

(complete checklist prior to submitting the report to NRCS for appraisal technical review)

Landowner Name

The landowner's name matches the application, evidence of ownership documents, and title report.

Client

The cooperating entity is listed as the client. The client may not be the landowner.

Intended User

The intended user is NRCS and the eligible entity. The Internal Revenue Service (IRS) may not be listed as an intended user on any appraisal for use in NRCS programs.

Intended Use

The applicable NRCS easement program is listed as the intended use. The intended use may not be for the IRS purposes.

Property Description

The property description matches what is reflected in the application, evidence of ownership, and the title report.

Acres

The acres in the easement appraisal match the application, work order, and legal survey or title report.

Appraiser Qualifications

- Certified General. The appraiser is a state-certified general real property appraiser in the same state as the property being appraised.

- Experience. The appraiser has the demonstrated competency and experience appraising this type of property and in appraising conservation easements.
- Education. For conservation easement appraisal types, the appraiser must have completed either a course in conservation easements or eminent domain course. A conservation easement valuation course is preferred. For UASFLA appraisals, an appraiser must have taken a UASFLA (Yellow Book) course and have experience.

Surface Rights

The property rights appraised are stated in a manner that matches the appraisal specifications.

Effective Date

- The effective date coincides with the last complete inspection of the property.
- The effective date of value is 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.

Title

A title commitment or title report is included as an addendum, and any encumbrances are addressed in the appraisal.

Conservation Easement Deed

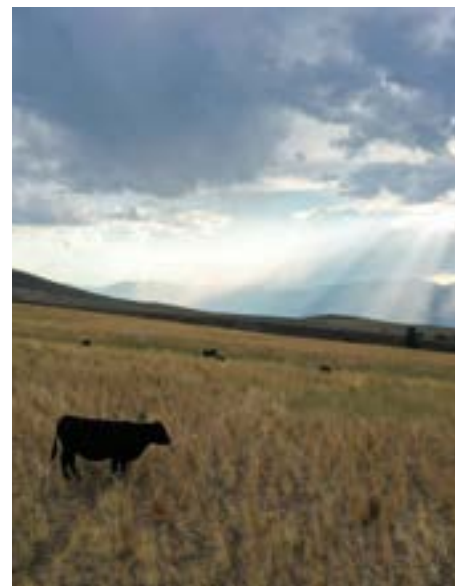
The proposed conservation easement deed is included as an addendum to the appraisal report.

Statement of Work

Appraisal specification is included in addendum.

Signed Certification

Evidence within appraisal report stating that the qualified appraiser personally inspected the subject property and all comparable sales utilized for analysis.





Fatal Flaws

Additional Items to check in the appraisal report aka “fatal flaws” commonly resulting in disapprovals by technical reviewers:

- Incorrect or differently worded market value definition utilized in the appraisal report.
- Appraisers making speculative assumptions and/or hypotheticals. (example: subdivision, access).
- Appraisers making speculative or un-supported highest and best use analysis in a before value without any market support (supply/demand feasibility analysis).
- Appraising individual, hypothetical, divided parcels and adding them up for a total value (summation).
- Water rights having a greater value than the “as encumbered” property in its after condition.
- Disregarding improvements in before and after conditions with no market support or explanation.



National Appraiser Review Steps

1. Review by a National Appraiser

All appraisals must be provided to the National Appraiser. Timing and review type varies based on program, entity status, value, and other factors.

2. Review for non-certified entities

For non-certified entities, the National Appraiser will complete a Compliance Review on all ACEP-ALE easements with a value over \$3 million prior to easement closing.



American Society of Farm Managers
and Rural Appraisers



Appraisal Institute

