Specifications and Scope of Work for Appraisals of Real Property for the Agricultural Land Easement component of the Agricultural Conservation Easement Program

(ACEP-ALE)

A. Background Information

1. The United States of America, acting through the United States Department of Agriculture's Natural Resources Conservation Service (NRCS) and **[Eligible Entity name]** is considering purchasing a conservation easement to assist the landowner in protecting the agricultural use and future viability and related conservation values by limiting nonagricultural uses of the land or protecting grazing uses and related conservation values on eligible lands. Eligible lands include farm and ranch lands that contain prime, unique, or statewide and locally important soils; that contain historical or archaeological resources; that protect grazing uses and related conservation values; or the protection of which will further the purposes of the Agricultural Conservation Easement Program (ACEP). These lands may be placed under a conservation easement through the Agricultural Lands Easement component of the ACEP-ALE.
2. All appraisals completed for ACEP-ALE must comply with appraisal instructions issued by NRCS. The eligible entity must order the appraisal and be identified as the client. The eligible entity may opt for either of the following two methods to determine the effect of the conservation easement on the subject property:
   a. A Uniform Standards of Professional Appraisal Practice (USPAP) appraisal.
   b. A Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA commonly called "Yellow Book") appraisal.
3. The appraiser must be aware that all appraisal reports completed for ACEP-ALE will be used by NRCS staff and contract review appraisers that will rely on the details in the report to understand the property and market characteristics. Because many of the NRCS users and review appraisers will neither personally inspect the property nor be familiar with the local area, the appraisal report must include the level of detail necessary to thoroughly explain and support the property description, highest and best use analysis, market characteristics, adjustment process, and all conclusions so that all review appraisers and NRCS users have an adequate understanding of the statements, opinions, and conclusions offered within the report.
4. The NRCS national appraiser resolves questions that arise from these specifications. Contact information may be obtained through the client from the NRCS State office.
5. The landowner is **not** a client for the ACEP-ALE appraisal. The landowner may be an intended user. "Landowner" is defined as either the current owner or the party identified in the agreement or contract to sell the conservation easement to the eligible entity.

B. Appraiser Qualifications

1. Appraisal reports will only be accepted and approved by NRCS if these qualifications are met and documentation is provided in the appraisal report.
2. All real property appraisers performing appraisals under ACEP-ALE must be State-certified general real property appraisers or obtain a temporary practice permit equal to State-certified general real property appraiser in compliance with title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) in the State or States where the subject property is located.
3. The appraiser must be in good standing with the licensing authority where the credential was issued.
4. The appraiser must not have received any disciplinary action within the past 5 years resulting in suspension of the credential.
5. The appraiser must have demonstrated competency in compliance with USPAP or UASFLA in conducting appraisals of rural and agricultural properties of the requested type.

6. The appraiser must have demonstrated competency in compliance with USPAP or UASFLA in conducting appraisals of rural and agricultural properties with conservation easements of the requested type.
7. The appraiser must provide documentation of completion of a valuation of conservation easements or eminent domain appraisal course.
8. The appraiser must provide documentation of completion of a UASFLA (Yellow Book) course for any UASFLA appraisal.

C. Purpose of the Appraisal Report

The applicable purpose of the appraisal report must be stated in the report. The purpose depends upon which of the approved appraisal methods the eligible entity selected.

1. FOR USPAP APPRAISALS: The purpose of the appraisal is to provide an opinion of market value of the proposed easement area before placement of the conservation easement and an opinion of market value of the proposed easement area as if the conservation easement is in place. The difference between these two values will be the effect of the conservation easement on the subject property. An appraisal report, as discussed in USPAP Standards Rule 2-2(a), must be provided; restricted appraisal reports are not acceptable. The appraisal report must contain the level of detail, discussion, and support necessary for the client and intended users to comprehensively understand the rationale for the opinions and conclusions, including reconciliation of the data and approaches used in the appraisal. The detail must thoroughly explain and support the property description, highest and best use analysis, market characteristics, adjustment process and all conclusions so that all review appraisers and NRCS users have an adequate understanding of the statements, opinions and conclusions offered within the report.

   a. The market value definition that will be stated and used in developing and reporting this assignment is as follows:
      1. "Market value" means the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby—
         a. Buyer and seller are typically motivated.
         b. Both parties are well informed or well advised and acting in what they consider their own best interests.
         c. A reasonable time is allowed for exposure to the open market.
         d. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto.
         e. The price represents the normal considerations for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."
   b. No other definition of market value is acceptable for USPAP appraisals.
2. FOR UASFLA/YELLOW BOOK APPRAISALS: The purpose of the appraisal is to provide an opinion of market value of the subject property (larger parcel) before acquisition of a conservation easement (before value) and an opinion of market value of the subject property remaining after the proposed easement has been placed (after value). The appraiser must recognize that in a before and after appraisal, the partial interest being acquired is not actually being appraised. The subject property appraised is the larger parcel before and after the conveyance of the partial interest. The larger parcel concept involves not only the land proposed for the easement area but all surrounding land that meets the definition of larger parcel found in UASFLA.
   a. The purpose of two opinions of value is to establish the effect on value resulting

from imposition of a conservation easement. The compensation for the conservation easement is the before value of the larger parcel minus the after value of the property as encumbered by the ACEP agricultural land easement deed, provided there are not adjustments, such as excess irrigation water rights explained below, that would equal the price of the easement. A key concept in this appraisal process is defining the larger parcel that is required to begin the appraisal process. The appraisal must be completed in compliance with USPAP, UASFLA, and appraisal instructions issued by NRCS.

b. For the purpose of these appraisals, the Federal rules for acquisition will be used.

c. The market value definition that will be stated and used in developing and reporting this assignment is the definition as stated in UASFLA:

1. "Market value is the amount in cash, or in terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal."

d. This definition makes no linkage between the estimated market value and exposure time. A specific exposure time must not be cited in an appraisal report prepared under Yellow Book standards. Invoke the jurisdictional exception rule to avoid a violation of USPAP standards, which require a specific exposure time.

e. No other definition of market value is acceptable for UASFLA/Yellow Book appraisals.

D. Information for the appraiser

The following information is recommended to be provided to the appraiser by the client (eligible entity):

1. Aerial photograph of the subject property with the location of the proposed easement area identified, access to the easement area identified, easement boundary identified, and an estimate of the acres in the proposed easement identified
2. Legal description of subject property's parent tract
3. Preliminary legal description of the proposed easement area or survey, if available
4. Copy of the **proposed** conservation easement deed
5. Aerial photograph indicating the location and acreage of any conservation agreement, contract, or easement of any type that is associated with the property
6. Specific details of any existing easements, reservations or other restriction currently encumbering the subject property as provided by the landowner
7. Documentation of production data provided by landowner
8. If water rights are included in the easement area, documentation provided by the eligible entity will identify the volume of water rights to be retained for the subject property as necessary
9. Documentation of water rights owned, including name of irrigation company, number of shares or amount of ownership, and documentation concerning irrigation wells on the property to be appraised, as provided by the landowner
10. Recorded landowner's name, address, and telephone number
11. Current information as to the status of title of ownership, such as copies of deeds
12. If available, completed "Preliminary Certificate of Inspection and Possession" and the "Hazardous Materials Field Inspection Checklist" and any available information pertaining to the probability of existence of hazardous substances that might be found on the property to be appraised
13. Copy of preliminary title commitment covering the proposed easement area, if available
14. Copy of the completed agricultural land easement plan or component plans, if available

15. A copy of the recorded written access to the easement area, evidence that the property is accessible from a public road, or NRCS-approved alternative legal access route is required
16. Written permission from the landowner or an authorized representative authorizing the assigned appraiser to enter the property for appraisal purposes

E. Background for the Appraisal Report

1. Prepare two opinions of value of the subject property. One before placement of the conservation easement and the second after placement of the conservation easement. The after condition or second value will be based upon a hypothetical condition that the conservation easement is in place and the effects on value that may be created. The difference in the two values is the effect of the proposed conservation easement on the value of the property (fair market value of the ACEP-ALE).
2. Client is **[eligible entity name]**, unless otherwise directed by the client. The landowner must not be the client. "Landowner" is defined as either the current owner or the party identified in the agreement or contract to sell the conservation easement to the eligible entity.
3. The intended user must be identified as USDA/NRCS and any other specific organization or eligible entity that may be involved in the specific transaction unless otherwise directed by the client. The landowner may be an intended user.
4. The intended use will be for USDA/NRCS and any other specific organization or eligible entity that may be involved in the specific transaction, for consideration in determining the effect on value of the conservation easement of lands entering into the ACEP -ALE. The intended use must not include use for IRS donation.
5. Exclusions of approaches to values, as stated in USPAP, must be strongly supported with solid reasoning.
6. Property rights to be appraised will be surface rights, including improvements such as homes, barns, hay sheds, fencing, timber, orchards or other permanent plantings, and any irrigation water rights. The irrigation water rights include wells, ditches, reservoirs, ponds, and lakes that provide irrigation on the subject property and are legally permitted. Crop base and allotments that are located on the subject property will be clearly identified in both the before and after condition. The value of any marketable standing timber that could be economically harvested will be considered by a timber cruise and included in any valuations. Other permanent plantings that are located on the subject property will be appraised and included in any valuations. Any irrigation equipment that is not affixed to the land, such as pivot sprinklers, moveable pipe, towlines, etc., that are located in the proposed easement area will be excluded from the valuation.
7. If irrigation rights are included in the easement area, documentation provided by NRCS will identify the volume of irrigation water rights to be retained for the subject property as necessary to ensure the function of the farmland or ranchland operation and other agricultural conservation values. This volume will also be documented in the easement baseline inventory report exhibit attached to the conservation deed and in the agricultural land easement plan. Irrigation water rights that are legally owned and used on the proposed subject property will be described and valued in the appraisal.
8. The appraiser will document whether or not any portion of these irrigation water rights may be removed from the subject property. If the irrigation water rights may be removed from the property, the appraiser will provide a value opinion of the value of each irrigation water right. The appraiser will consider only the irrigation water rights required to be retained on the subject property as identified by NRCS.

F. The Appraisal Report

1. **Description of Work Product**

a. The appraisal must meet the requirements of the Uniform Standards of Professional Appraisal Practice, Uniform Appraisal Standards for Federal Land Acquisitions if applicable, and appraisal instructions issued by NRCS including these appraisal specifications.

b. The appraisal report may consist of a form report, a narrative report, or a combination of both.

c. An appraisal report, as discussed in USPAP Standards Rule 2-2(a), must be provided; restricted appraisal reports are not acceptable. The appraisal report must contain the level of detail, discussion, and support necessary for the client and intended users to comprehensively understand the rationale for the opinions and conclusions, including reconciliation of the data and approaches used in the appraisal. The detail must thoroughly explain and support the property description, highest and best use analysis, market characteristics, adjustment process, and all conclusions so that all review appraisers and NRCS users have an adequate understanding of the statements, opinions, and conclusions offered within the report.

d. The contract appraiser must personally inspect the subject property and comparable sales.

e. The appraiser must talk personally to the property owner or the owner's agent or representative, and the property owner or the owner's agent or representative must be given an opportunity to accompany the appraiser during the appraiser's inspection of the subject property which must be documented in the appraisal.

f. The Uniform Residential Appraisal Report (URAR) is not acceptable.

g. Reports must contain a table of contents and sequentially numbered pages, including addenda. Reports may contain handwritten page numbers.

h. Reports must contain the instructions or engagement documents provided to the appraiser.

i. Reports must reference all environmental documents utilized by the appraiser in completing the appraisal. The appraiser is a key individual in identifying potential environmental problems that may affect the value of the subject property.

j. The appraiser will contact the client to resolve problems, clarify questions, letters of engagement (call orders), or other issues. Issues relating to the appraisal process may be discussed with the NRCS national appraiser.

k. The effective date of the appraisal report is the date of the site visit by the appraiser.

l. The appraisal must be in typewritten or legible ink print form or in automated or computerized forms.

m. Only reports completed, formatted, and submitted on 8½-inch by 11-inch paper will be accepted. An electronic report is also required in pdf format.

n. The appraisal report must be bound in a durable report cover with appropriate identification.

o. The appraiser must provide at least three originals and an electronic copy of the appraisal to the specific organization or eligible entity that may be involved in the specific transaction. Reference these instructions, including exhibits, for details on appraisal reports, appraisal forms required, and required methodology and supporting documentation.

p. The eligible entity will provide two originals and an electronic copy to NRCS. One for NRCS, one for the technical review appraiser, and an electronic copy for the NRCS national appraiser and technical review appraiser.

2. Required Elements for ACEP-ALE Appraisals

a. Part 1 - Introduction

1. Title Page
2. Letter of Transmittal

3. Table of Contents
4. Appraiser's Certification (select the appropriate)
   a. Follow USPAP guidelines as applicable, but include the following:

"I have made a personal inspection of the appraised property which is the subject of this report and all comparable sales used in developing the opinion of value. The date(s) of inspection was _____[date]_____ and the method of inspection was _____[method]_____.
[If more than one person signs the report, this certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property and sales. The contract appraiser must inspect the appraised property.]

In my opinion, as of ____[date]_____, the market value of the proposed easement parcel before conveyance of the partial interest is $_____, and the market value of the proposed easement parcel after conveyance of the partial interest is $_____.

By: [signature] Date signed:
Print Name
Printed Name and Professional Accreditation State Certification #"

   b. Follow the UASFLA guidelines as applicable, but include the following:

"I have made a personal inspection of the appraised property which is the subject of this report and all comparable sales used in developing the opinion of value. The date(s) of inspection was _____[date]_____, and the method of inspection was_____[method]_____. [If more than one person signs the report, this certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property and sales. The contract appraiser must inspect the appraised property.]

In my opinion, as of _____[date]_____, the market value of the larger parcel before conveyance of the partial interest is $_____, and the market value of the remainder after conveyance of the partial interest is $_____.

By: [signature] Date Signed:
Print Name
Printed Name and Professional Accreditation
State Certification #"

5. Summary of salient facts

6. Photographs of the subject property. Provide original color photographs or high quality color copies of photographs of the appraised property. Photographs may be a separate exhibit in the addenda or included with the narrative description of the appraised property and comparable sales. Show the following information with each photograph:
   a. Identify the photographed scene. Indicate direction of view, vantage point, and other pertinent information.
   b. The name of the photographer.
   c. The date the photograph was taken.

d. An aerial photo or topographic map should be used to show the location of the photos.

7. Statement of assumptions and limiting conditions.

a. All appraisal reports submitted to the eligible entity and NRCS for review become the property of the United States and may be used for any legal and proper purpose. **Therefore, a condition that limits distribution of the report is not permitted**.

b. Include a statement similar to the following in this section:

i. "I recognize that appraisal reports submitted to the NRCS for review may be used by NRCS for any legal and proper purpose."

c. If the appraisal has been made subject to any encumbrances against the property, such as easements, that must be stated. It is unacceptable to state that the property has been appraised as if free and clear of all encumbrances, except as stated in the body of the report; the encumbrances must be identified in this section of the report.

d. The use of a hypothetical condition that provides access for the eligible entity and NRCS to the easement area to restore, monitor, and enforce the purposes for which the easement was placed will be shown on a map of the subject property and may be used in the appraisal due to the actual access documents that may not be in place. This access should be considered legal access for the purposes of the appraisal but it may not meet local requirements for other uses such as subdivisions.

e. The use of any other hypothetical conditions is not permitted without NRCS concurrence.

f. The use of an uninstructed, unsupported assumption or hypothetical condition that results in other than "as is" market value will invalidate the appraisal. Include only factors relating to the appraisal problem. Assumptions and limiting conditions that are speculative in nature are inappropriate.

g. Do not include limiting conditions that significantly restrict the application of the appraisal.

h. A contract appraiser cannot make an assumption or accept an instruction that is unreasonable or misleading. Client instructions must have a sound foundation, be in writing, and be included in the appraisal report.

8. Scope of the appraisal

a. This section must fully describe the extent of investigation and analysis. The scope of work must be consistent with the intended use of the appraisal.

b. Identify the appraisal as a partial acquisition case appraisal. Describe the part being conveyed and the principal differences in the property in the before and after condition. Describe the before and after methodology to be used.

c. Summarize the appraisal problem.

9. Purpose of the appraisal will be as stated in C above.

b. Part 2 - Factual Data

1. Legal description
2. Area, city, and neighborhood data
3. Property data

a. Site

b. Improvements

c. Fixtures, livestock, and forage production structures and facilities

d. Use history

e. Sales history (select the appropriate)

i. For USPAP appraisals include a 3-year record of all sales of the appraised property and offer to buy or sell if the information is available. If no sale has occurred in the past 3 years, the appraiser must report the last sale of the property, irrespective of date.

ii. For Yellow Book appraisals include a 10-year record of all sales of the appraised property and offer to buy or sell if the information is available. If no sale has occurred in the past 10 years, the appraiser must report the last sale of the property, irrespective of date

f. Rental history.

i. A 3-year rental history is required. An unsupported statement that the rent does not represent market or economic rent is unacceptable.

g. Assessed value and annual tax load.

h. Zoning and other land use regulations.

i. The contract appraiser must identify, in addition to zoning, all other land- use and environmental regulations, outstanding rights, and reservations that have an impact on the highest and best use and value of the property.

i. Appraised property map or plat. Show the dimensions and topography of the appraised property in detail on a large-scale topographic map, at least 2 inches to the mile. The map may be placed here or in the addenda.

j. Aerial photograph of the subject property with the location of the proposed easement area identified, access to the easement area identified, easement boundary identified, and an estimate of the acres in the proposed easement identified.

c. Part 3 - Data Analysis and Conclusions Before Acquisition

1. Analyses of highest and best use

a. FOR USPAP APPRAISALS: The contract appraiser may refer to definitions as found in "The Dictionary of Real Estate Appraisal."

b. FOR YELLOW BOOK APPRAISALS: For acquisition appraisals, UASFLA defines highest and best use as, "The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future." The contract appraiser may also refer to definitions as found in "The Dictionary of Real Estate Appraisal."

Note: The UASFLA requires the contract appraiser to make a larger parcel determination in all appraisals. Apply the tests provided in UASFLA Part III to determine the larger parcels.

c. ALL APPRAISALS: The highest and best use conclusion must be **clearly supported by market evidence**. Sale or exchange to the United States or other public entity is not an acceptable highest and best use. The use to which the Federal Government will put the property after the conservation easement has been acquired is, as a general rule, an improper highest and best use. A noneconomic highest and best use, such as "conservation," "natural lands," "preservation," or any use that requires the property to be withheld from economic production in perpetuity, is not a valid use upon which to base an estimate of market value.

d. If the highest and best use is for development, the existing improvements must be analyzed to determine if they contribute to the development or if they would be removed. Stating that the improvements are not affected by the easement is not appropriate until it is determined if the improvements will be

removed for the development or if the improvements will remain as part of the development.

e. If the highest and best use is for assemblage, describe and explain the relationship of the appraised property to the property to which it would be joined.

f. If investment is the highest and best use of the property, describe and explain its interim and most probable ultimate use.

g. When there is a claim that the highest and best use of a property is something other than the property's existing use, the burden of proof is on the contract appraiser.

h. Market value must not be predicated upon potential uses that are speculative and conjectural.

i. If legal access does not exist to support the highest and best use, the appraiser must provide proof that there is sufficient land available to provide the required access. The contract appraiser's opinion of a reasonable probability of a zoning change must have a factual foundation. The appraisal report must include a description of the investigation undertaken to determine the probability of rezoning. The investigation must include thorough research of the uses and zoning of properties situated similarly to the subject property within the area covered by the zoning authority. The stated rezoning conclusion must be supported by facts surfaced in the research. A property must not be valued as if it were already rezoned for a different use. The property must be valued only in light of the probability of obtaining a zoning change.

2. Value estimate by the cost approach

a. Estimate the value of the land as though vacant and available for its highest and best use. Estimating land value by the use of confirmed sales of comparable or nearly comparable lands having like optimum uses is the preferred method.

b. If the cost approach is not used, explain the reasons for not developing.

3. Value estimate by the sales comparison approach

a. Nearby arm's length transactions that are comparable to the land under appraisement and reasonably current are the best evidence of market value. The Federal courts recognize the sales comparison approach as being normally the best evidence of market value.

b. Analyze the last sale of the subject property if relevant. If not used, explain why. An unsupported claim that a sale of the subject property was a forced sale or is not indicative of its current value is unacceptable.

c. When supportable by market evidence, the use of quantified adjustments is preferred. Percentage and dollar adjustments may and often should be combined. Use qualitative adjustments when there is inadequate market data to support quantitative adjustments. Factors that cannot be quantified are dealt with in qualitative analysis. When quantitative and qualitative adjustments are both used in the adjustment process, all quantitative adjustments should be made first.

d. Provide market evidence and/or supporting narrative for each adjustment used.

i. Each quantitative adjustment requires supporting market evidence. Explain how the adjustment was determined and how it is applied to the comparable.

ii. Each qualitative adjustment requires significant discussion to explain why it is necessary and explain the reason for the differences.

e. Include a sales adjustment chart summarizing the adjustments and showing the final adjusted sale prices and how the sales compare with the subject

property.

f. The documentation of each comparable sale must include the following:

i. Parties to the transaction
ii. Date of transaction
iii. Confirmation of the transaction
iv. Confirm the transaction with the buyer, seller, broker, or other person having knowledge of the price, terms, and conditions of sale
v. Buyer motivation
vi. Location
vii. Size
viii. Legal description
ix. Property rights conveyed
x. Consideration
xi. Financing terms
xii. Verify if the sale was an arm's length or distressed sale
xiii. Improvements
xiv. Physical description – Describe topography, vegetative cover, water influence, improvements, irrigation water, soils, and other characteristics.
xv. Nonrealty items
xvi. Economic characteristics
xvii. Zoning
xviii. Current use
xix. Highest and Best Use
xx. Topographic map
xxi. Photographs

1. Improvements
2. Land

g. In order to make meaningful comparisons between the sales and the appraised property, NRCS requires inspection by the appraiser of all sales directly compared with the appraised property. Waiver of the comparable sale inspection requirement must be made in writing by the NRCS national appraiser in the form of a supplemental appraisal instruction. There is no waiver of the requirement for inspection of the appraised property.

h. The contract appraiser must adhere to UASFLA direction pertaining to comparable sales requiring extraordinary verification and weighting considerations. These include sales to governmental agencies, sales to environmental organizations, sales to parties desiring to exchange the land to the government, distressed sales, and other atypical or non-arm's-length sales.

i. If the sales comparison approach is not used, explain the reasons for not developing

4. Value estimate by the income approach

a. All data must be market supported.

b. If the income approach is not used, explain the reasons for not developing.

5. Correlation and final estimate

a. The contract appraiser must avoid making a summation appraisal. Individual values of noncontiguous tracts cannot be simply added together.

b. Appraisers are responsible for the final opinion of value even if it relies upon estimates developed by others (such as, timber cruisers or cost estimators). Value estimates developed by others will be the appraiser's responsibility if needed.

d. Part 4 - Factual Data After Acquisition

1. Legal description
   a. If only a portion of the bundle of rights pertaining to a specific parcel of real estate is being acquired, this will be the same as in the before condition. If all of the rights held by the grantor for only a portion of the larger parcel are being acquired, this section will describe only the real estate being retained in the after condition.
   b. If the partial interest being acquired is only a portion of the property rights associated with the larger parcel, the rights being acquired are outstanding rights for the after appraisal.
2. Neighborhood factors
3. Property data
   a. Site
   b. Improvements
   c. Fixtures
   d. History
   e. Assessed value and annual tax load
   f. Zoning and other land use regulations

e. Part 5 - Data Analysis and Conclusions After Acquisition

1. Analysis of highest and best use
2. Land valuation
3. Value estimate by cost approach
4. Value estimate by sales comparison approach
   a. Every effort must be made to provide similar conservation easement encumbered sales.
   b. Discuss the restrictions on each of the encumbered sales and show how they are similar to the proposed conservation easement.
   c. The percentage diminution method is discouraged. If it is used, the appraiser must explain why it is necessary over direct comparison of the sales. If the percentages can be compared, the sales should be able to be compared.
5. Value estimate by income capitalization approach
6. Correlation and final value estimate

f. Part 6 - Acquisition Analysis

1. Recapitulation
   a. Show the difference between the value of the entire property and the value of the remainder by deducting the property's after value from it's before value.
2. For Yellow Book appraisals only: Allocation and explanation of damages.
   a. Briefly explain any damages to the remainder property.
3. For Yellow Book appraisals only: Explanation of special benefits.
   a. Identify any special benefits accruing to the remainder.

g. Part 7 - Exhibits and Addenda

1. Location map
   a. Maps must clearly identify the property and be of sufficient quality to enable the review appraiser to locate the property on the ground. Maps must be

dated and include a legend, scale, and north arrow. The original copy of the report must contain original maps or vivid color copies.

i. Area Map.—This is a small-scale map showing the general location of the subject market area.

ii. Neighborhood Map.—This map shows the appraised property and its immediate neighborhood.

iii. Tract Map or Plat.—This map is a large-scale (2-inch per mile) United States Geological Survey (USGS) or similar-quality map that shows the appraised property and pertinent physical features such as roads, streams, and improvements. If portions of the appraised property are assigned separate contributory values to the whole, these areas must be delineated on this map or a separate map.

iv. Photograph Map.—This is a map or aerial photograph showing the location of the subject pictures.

2. Comparable data maps

a. This map must show the location of the appraised property and the sales. Delineate the boundaries of the appraised properties and comparable sales when the map is of sufficient scale to be meaningful. If all pertinent comparable sales cannot be shown on the same map as the appraised property, a smaller-scale map (such as a State road map) may be included in addition to the larger-scale map.

3. Detail of comparative data

a. Include a completed form showing all information for each comparable transaction used in the appraisal. Include an aerial photograph, a plat (if available), a USGS topographic map (if appropriate), and color photos of each sale. The transaction number must match the number of the transaction listed in the report.

4. Plot plan (if applicable)

5. Floor plan (if applicable)

6. Title evidence report

a. Include a copy of the preliminary title report or title report if available.

b. If unavailable, explain the due diligence completed by the appraiser. Include the deeds for the parent property or properties.

7. Other pertinent exhibits

a. Present additional data such as documents and charts pertinent to the valuation and referred to in the body of the appraisal. Exhibits may include—

i. A copy of the conservation easement deed.

ii. A copy of technical reports from specialists. This may include a timber cruise summary signed by a timber cruiser or a road plan signed by an engineer.

iii. Property owner permission to appraise.

8. Qualifications of appraiser

a. The contract appraisers must provide evidence of compliance with the certification requirements of the State or States where the properties are located.

b. The contract appraisers must provide documentation of compliance with experience requirements.

c. The contract appraisers must provide documentation of meeting the education requirements.

d. The contract appraiser must provide their contact information including but not limited to—

i. Address.

ii. Phone numbers.

iii. Email address.

e. Engagement instructions received from the client.

G. Appraisal Reviews

1. All appraisal reports are subject to a technical appraisal review ordered by NRCS and conducted for compliance with appraisal instructions, USPAP, and UASFLA, if applicable, prior to acceptance by NRCS.
2. NRCS will order the technical appraisal review.
3. The review appraiser is not assigned to the appraisal until it is received from the eligible entity. The NRCS national appraiser is available to answer questions or advise the appraiser.
4. The review appraiser may contact the appraiser for clarification and minor corrections.
5. The appraisal will be returned through NRCS to the eligible entity if significant changes are necessary requiring a supplemental appraisal report as discussed in section H below. The review appraiser will provide a technical appraisal review report approving the appraisal or not approving the appraisal and identifying the corrections or additions needed.
6. The review appraiser will be available to the appraiser to assist in obtaining an acceptable appraisal report.
7. The supplemental appraisal report will be subject to a subsequent technical review.

H. Format for Supplemental Appraisal Reports

1. Supplements or amendments to appraisal reports, such as for updating value estimates or effective date of value, changes in acreage, changes in access, title conditions or deed terms, additional support or explanation, or to correct a previous appraisal report, must be referenced for incorporation with the original report in accordance with USPAP. The following format is recommended. All items must be addressed.
   a. Title Page.—Include the same information as on the original appraisal report. Label the report as a "Supplemental Appraisal Report to the Appraisal Report for_____."
   b. Summary of Facts.—Include:
      1. Owner's name or other identification of the property
      2. Client's name
      3. Size
      4. Highest and best use
      5. New opinion of value
      6. Valuation date
         a. Effective date of the original report, or
         b. The date of the new inspection for updating the effective date.
   c. Summary of Original Appraisal.—Cite the date and value opinion from the original appraisal. If previous updates have been made since the original appraisal, cite value opinions and value dates from all updates as well as the original appraisal.
   d. Changes.—Explain the reason for the appraisal supplement such as, to update an opinion of value due to survey acres, new effective date, amend a previous appraisal report, add additional support or explanation, or other.
   e. New Opinion of Value.—Discuss the changes that have occurred since the original appraisal. Discuss the method used to update the opinion of value and cite the evidence or analysis of trends that support the updated value opinion. Conclude with a statement of the new opinion of value and the valuation date which is the effective date of the original report or the new effective date, followed by the contract appraiser's signature.
   f. Certification as required in section F(2)(a)(4) of this exhibit.
   g. Addenda.—Include sales data detail for new sales cited, summaries of data and trend analyses, maps of sales analyzed, and any other information relied upon but not

included in the text.

h. Binding.—If the supplemental appraisal report comprises more than four pages, it must be bound in durable report cover with appropriate identification.

i. Electronic Copy.—An electronic copy of the supplemental report will be provided along with the hardcopy.