519.62 Determining Easement Price

The requirements contained in this section and Exhibits are mandatory for all FRPP easement acquisitions by NRCS. No modifications to these requirements are permitted without prior written approval from the Deputy Chief for Programs.

A. Easement Price

(1) The cooperating entity may opt for either of these two methods to determine the affect of the conservation easement on the subject property in accordance with these instructions.

a. An Uniform Standards of Professional Appraisal Practice (USPAP) appraisal of the proposed easement area before placement of the easement and a USPAP appraisal of the proposed easement area as if the easement is in place. The difference between these two values will be the affect of the easement on the subject property or

b. An Uniform Appraisal Standards for Federal Land Acquisition (UASFLA or Yellow Book) appraisal by completing an appraisal for market value as defined below of the larger parcel before the easement (before value) is placed and an appraisal for market value as defined below of the larger parcel as if the easement is in place (after value) as of the date of a current date. The difference between the before value and the after value is the price of the easement. 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. The valuation of the effect of imposition of the easement is based upon Federal Rules, which considers any loss in value to the whole property as well as any increase in value of the whole property due to imposition of the easement.

All appraisals completed shall comply with USPAP, UASFLA, as applicable, and appraisal instructions as issued by NRCS.

B. Authorized Official

Authorized official for the purpose of this section is an employee who can independently fulfill the requirements of this section and who is not supervised or formally evaluated by any person authorized to process, negotiate or approve any easement. The authorized official shall not be any person who is authorized to process, negotiate or approve any easement.

C. Appraiser Qualifications

All real property appraisers performing appraisals under this program shall be State Certified General Real Property Appraiser, or obtain a temporary practice permit, in conformance with Title XI of the Financial Institution’s Reform, Recovery and Enforcement Act of 1989 (FIRREA) in the State(s) where the subject property is located and be in good standing with the licensing authority where the credential was issued. Appraiser must have demonstrated competency in compliance with USPAP in conducting appraisals of agricultural properties with and without conservation easements of the requested type and shall provide documentation of appraisal education courses attended including either eminent domain or conservation easements course completion for either
appraisal methods stated in A(1) and in addition if completing a UASFLA (Yellow Book) appraisal a UASFLA (Yellow Book) course

D. Appraisal Requirements

All appraisal reports or appraisal services shall be requested in writing from the appraiser using the mandatory specifications for appraisals of real property for the FRPP and scope of work which is identified as Exhibit 519 102. No changes are permitted in the appraisal specifications and scope of work for FRPP appraisals without prior written approval from NRCS/NHQ. Exhibit 519 102 is incorporated as part of this manual. In no case will any purchase be closed without an appraisal review stating the appraisal is acceptable.

E. FRPP Investments Exceeding $50,000

In cases where the FRPP investment in a property exceeds $50,000, an on-site review by the NRCS State Office is required, prior to the NRCS National Office and the Office of General Counsel reviewing the conservation easement deed, appraisal and appraisal review.

F. NRCS Appraisal Reviews

All appraisals used for acquisition of FRPP easements under this section must undergo an appraisal review. There are 2 types of appraisal reviews, administrative and technical. In no case will a closing take place before meeting these requirements.

(1) Administrative reviews are performed by non-appraisers who have been trained to review appraisals from a broad business decision. Administrative reviewers have a responsibility to assure contract specifications have been met, the correct property was appraised as required, math calculations are correct, the appraisal is logical and the reviewer can understand the appraiser’s logic for adjustments made and value conclusions arrived at. This review will be documented on Exhibit 519.103 or Exhibit 519.104 depending upon the type of appraisal. No changes to the appraisal or appraised value may be made by the administrative reviewer.

(2) Technical reviews are performed by a qualified State Certified General appraiser who assesses the quality of the appraisal report based upon USPAP and UASFLA compliance as applicable, appraisal instructions and the appraisal theory and methodology used in completing the appraisal.

(3) Training for NRCS administrative reviewers will be provided by NHQ and written delegations will be issued to trained employees to conduct administrative appraisal reviews. This individual must meet the separation of duty requirements contained in Section 519 62 B. above.

(4) Upon issuance of this section, the first appraisal from each appraiser for a FRPP parcel in each fiscal year for each appraisal method stated in A(1) must have a technical review completed by NRCS and the appraisal determined to be acceptable as stated in this section prior to closing.

(5) After the first appraisal of any appraiser for each appraisal method has been technically reviewed and determined acceptable, all FRPP easement appraisals will have at minimum, an administrative appraisal review conducted by a delegated NRCS employee which will be documented on Exhibit 519 103 or Exhibit 519.104 prior to closing. All completed administrative reviews and a copy of the appraisal will be forwarded to the NRCS NHQ staff appraiser upon completion. If all appraisals have a technical review completed by NRCS, administrative reviews are not required. If the administrative review indicates areas of concern, the appraisal and administrative
review will be discussed or submitted to the NRCS NHQ staff appraiser for a determination of action to be taken.

(6) Technical reviews are required for all easement acquisitions for which the NRCS acquisition costs proposed is in excess of $1 million, 10 percent of all remaining FRPP appraisals in each fiscal year, and any appraisals for which the administrative review indicates concerns.

(7) Any appraisal report with value opinions that will result in NRCS acquisition costs in excess of $1 million will be sent to NRCS staff appraiser together with the completed technical review for post review and acceptance prior to any commitment by NRCS or closing.

(8) Technical reviews may be completed through contracting, subject to the following requirements or NRCS may enlist the help of partner agencies such as Forest Service, Rural Development, or Farm Service Agency staff appraisers that are qualified to conduct a technical review as stated in paragraph H below. All technical appraisal reviews and a copy of the appraisal will be submitted to the NRCS staff appraiser upon completion.

Note: Pursuant to the Economy Act, relating to the payment or transfer of funds to another agency, NRCS may choose to procure services from another Federal agency to conduct technical appraisal reviews. A Memorandum of Agreement between agencies may be developed which will include Exhibit 519.105, Technical Appraisal Review Specifications and reporting requirements for the appraisal review.

G. Technical Review Appraiser Qualifications

Any technical review appraiser under this program shall be a State Certified General Real Property Appraiser in conformance with Title XI of the Financial Institution’s Reform, Recovery and Enforcement Act of 1989 (FIRREA) and be in good standing with the licensing authority where the credential was issued. The review appraiser must have demonstrated competency in compliance with USPAP in conducting and reviewing appraisals of agricultural properties with and without conservation easements of the requested type. All review appraisers must provide documentation of appraisal education courses attended including eminent domain or conservation easements, at least 40 classroom hours of training in performing technical appraisal reviews and if conducting Yellow Book appraisal reviews an UASFLA course shall be included in the qualifications section of the review report.

H. Technical Appraisal Review Requirements

(1) The authorized official shall request all technical appraisal review reports in writing from the appraisal reviewer by using the mandatory technical appraisal review specifications and scope of work. See Exhibit 519.105. No changes are permitted in the technical appraisal review specifications and scope of work without prior written approval from NHQ. Exhibit 519.105 is incorporated as part of the Conservation Programs Manual.

(2) Technical appraisal reviews will be completed and the appraisal determined acceptable by the technical reviewer prior to closing any transaction.

(3) The scope of work is a desk technical review to assure the appraisal meets the definition of an appraisal, examine the appraisals to assure that they meet applicable appraisal requirements which include USPAP, UASFLA as applicable, and NRCS appraisal instructions. If multiple appraisals are submitted on a property then a technical review will be completed on each appraisal. The technical appraisal review will be in compliance with USPAP Standard 3, UASFLA as applicable and will be typed, dated and signed by the reviewer. The review appraiser will be required to
make a determination as to the acceptability of the appraisal in accordance with instruction provided to the appraiser, USPAP, UASFLA, and appraisal instructions.

(4) The review appraiser must obtain a copy of the listed standards at their own expense and have them available during any technical review for reference.

(5) The purpose of the technical appraisal review is to provide an opinion of the acceptability of the appraisals that provide a market value of the subject property before acquisition of an easement (before value) and an opinion of market value of the subject property remaining after the proposed easement has been placed (after value) as of a current date minus any adjustments for excess irrigation water to arrive at the effect on value of the easement. The purpose of two opinions of value is to establish the effect on value resulting from imposition of a conservation easement. The appraisals, technical review(s) and technical review report(s) must be completed in compliance with USPAP, UASFLA as applicable, and appraisal instructions issued by NRCS. For the purpose of UASFLA appraisal reviews, the Federal Rules for acquisition will be used.

(6) The technical review report will be attached to the appraisal.

(7) The technical review appraiser will determine if the appraisal is approved or not accepted in accordance with Exhibit 519.102. If the technical review appraiser determines the appraisal report is recommended, the review appraiser will set forth in the review report the recommended value, if the appraisal report complies with the assignment standards and adequately supports the value estimate, and specifically document any damages or benefits to any remaining property. A copy of the appraisal and technical review will be submitted to the NRCS staff appraiser for review and monitoring upon receipt.

(8) If the technical review appraiser determines the appraisal report is not acceptable, the review appraiser will provide the NRCS staff appraiser with the reasons the appraisal report was not acceptable in the appraisal review report. The NRCS staff appraiser will make a determination if the appraiser should be contacted, by whom and determine if the appraisal report should be returned for corrections or if the entity should be required to order a new appraisal.

I. Limitations

(1) The review appraiser may not change an appraisal report, except for minor mathematical or typographical errors, and must call those minor changes to the appraiser's attention. No one, except the original appraiser, is permitted to edit or otherwise revise the original appraisal report.

(2) The review appraiser may not substitute personal judgment for that of the appraiser, nor dismiss careful appraisal judgment solely because it cannot be supported by conclusive market data. However, the review appraiser may question the appraiser's judgment when it is illogical, unreasonable, not supported by data cited, or is inconsistent with other data.

(3) The review appraiser shall not allow Agency goals or adversarial pressure to influence the reviewer's opinion of an appraisal report's value estimate. Nor can the review appraiser's personal opinion regarding the proposed action influence the review process.

(4) The review appraiser must not attempt to influence the appraiser's judgment or direct the appraiser toward a value estimate. The only effort should be to obtain a properly supported value estimate based on factual evidence and valid analysis of all facts available through use of approved appraisal approaches and techniques. Minor technical non-conformance with the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) and the Uniform Standards of Professional Appraisal.
Practice (USPAP) should not be the cause of rejection of an appraisal report unless the deficiencies affect the reliability of the value estimate.

J. Reviewer Independence

To ensure objectivity and independence in the review process, and to preclude the appearance of conflicts of interest or wrongdoing, review appraisers shall not:

1. Be responsible for case processing or negotiating the acquisition, disposal, authorization, or exchange of any appraised property
2. Review an appraisal prepared by the reviewer's immediate supervisor.
3. Review an appraisal for a property they personally and recently appraised.
4. Review an appraisal prepared by an appraiser where possible conflicts may exist.

As with appraisers, the review appraiser must not become an advocate. The review appraiser's task is to evaluate the technical aspects of the appraisal.

K. Maintaining Current Appraisals

The effective date of the appraisal must be within 12 months of the closing date.

L. Changes in Acres, or Substitution of Land, or Title Conditions from Original Appraisal

1. In cases where the appraisal was completed without the benefit of a legal survey which reflects a difference in acres in the easement area from the appraisal, the acres and price may be administratively reconciled provided (1) the surveyed acreage is within 5 percent of the acreage estimate used in the appraisal, or (2) the difference in values based on the surveyed acreage is within $5,000 of the appraised easement value, whichever is less. States should administratively reconcile the easement acres and values by using a per acre value determined by dividing the appraised easement value, the difference between the before and after value, by the estimated easement acreage in the appraisal. This per acre cost is then multiplied by the difference in acres between the easement acres in the appraisal and the survey to arrive at the adjustment amount. This adjustment amount is then added to or subtracted from the difference between the before and after appraisal to arrive at the administratively adjusted price of the easement.

This does not apply to substitution of land proposed for the easement which is different from stated in the appraisal, access, or title conditions including reservations, encumbrances, easements, or conveyances as stated in the appraisal. If the adjustment is above the administrative limit then the new information shall be provided to the original appraiser. The appraiser will provide a revised appraisal report in the supplemental report format shown in Section M below considering the changes to reflect a different value opinion as of the effective date of the original appraisal. This revised appraisal will have an appraisal review completed in accordance with this section as stated above and a new determination as to acceptability of the appraisal will be made in accordance with this section.

2. If there is a substitution of land proposed for the easement which is different from stated in the appraisal, access, or title conditions including reservations, encumbrances, easements, conveyances, other conditions different than as stated in the appraisal, a revised appraisal report and appraisal review report will be required with the same effective date as the original appraisal. The original appraiser will be contacted and provided the information that has been changed from the original appraisal. The appraiser will provide a revised appraisal report considering the changes to reflect a different value opinion as of the effective date of the original appraisal. This revised
appraisal will have an appraisal review completed in accordance with this section as stated above and a new determination as to acceptability of the appraisal will be made in accordance with this section

M. Format for Supplemental Appraisal Reports

Supplements or amendments to appraisal reports, such as for updating value estimates, changes in acreage, additional support or explanation, or to correct a previous appraisal report, shall be referenced for incorporation with the original report in accordance with USPAP. The following format is recommended. All items must be addressed.

(1) **Title Page** Include the same information as on the original appraisal report. Label the report as a “Supplemental Appraisal Report.”

(2) **Summary of Facts** Include
   - (i) Owner's name or other identification of the property.
   - (ii) Size.
   - (iii) Highest and best use.
   - (iv) New opinion of value.
   - (v) Valuation date is the effective date of the original report

(3) **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

(4) **Changes**. Explain the reason for the appraisal supplement; such as, to update an opinion of value due to survey acres, amend a previous appraisal report, add additional support or explanation, or other

(5) **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 and/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, followed by the contract appraiser’s signature.

(6) **Certification as required in Exhibit 519.102 item E2**

(7) **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.

(8) **Binding** If the Supplemental Appraisal Report comprises more than four pages, it shall be bound in a durable report cover with appropriate identification.

N. Confidential Nature of Appraisals

Appraiser’s valuations and supporting reports are confidential information and the appraiser shall strictly abide by the Confidentiality provisions of the Ethics Rule of USPAP, which provides as follows:

(1) An appraiser must protect the confidential nature of the appraiser-client relationship.

(2) An appraiser must act in good faith with regard to the legitimate interests of the client in the use of confidential information and in the communication of assignment results. Any information that falls under the Privacy Act that is provided to the appraiser that is confidential in nature must be clearly marked as confidential by the appraiser. Any release of the appraisal can only be made after all information contained in the appraisal report labeled or identified as confidential has been redacted

(3) An appraiser must not disclose confidential information or assignment results prepared for a client to anyone other than:
   - (i) The client and persons specifically authorized by the client.
(ii) State enforcement agencies and such third parties as may be authorized by due process of the law
(iii) A duly authorized professional peer review committee

O. **Freedom of Information Act**

Freedom of Information Act provisions may result in the release of all or part of the appraisal report to the public in accordance with FOIA requirements once the appraisal has been determined acceptable by NRCS. Landowners may request a copy of the appraisal in writing under this section.

P. **Closing**

*No closing may take place until the appraisal report is determined acceptable according to this section.*

Q. **NHQ Oversight**

NHQ appraisal staff will review States for compliance with these appraisal and appraisal review requirements. These reviews will be constructive in nature and offer assistance and guidance in the processing of easement appraisal and reviews and will be conducted by NRCS appraisal staff.

R. **Records Management**

Agency approved appraisal reports and technical appraisal reviews shall be retained in the landowners file associated with the easement as per Section 519.60 (L) of Subpart G, Conservation Easements.
SPECIFICATIONS FOR APPRAISALS OF REAL PROPERTY FOR THE FARM AND RANCH LANDS PROTECTION PROGRAM (FRPP)

A. BACKGROUND INFORMATION

The United States of America, acting through the United States Department of Agriculture, Natural Resource and Conservation Service (NRCS) and (entity name) is considering purchasing a conservation easement to assist the landowner in protecting farm and ranch lands that contain prime, unique or Statewide and locally important soils or historic and archaeological resources from conversion to non-agricultural uses and preserves valuable farm and ranch lands for future generations. These lands may be placed under a conservation easement through the Farm and Ranch Lands Protection Program (FRPP).

All appraisals completed for this program shall comply with Uniform Standards of Professional Appraisal Practice (USPAP), Uniform Appraisal Standards for Federal Land Acquisitions (UASFA aka Yellow Book) as applicable and appraisal instructions as issued by NRCS in a self-contained report format.

1. The cooperating entity may opt for either of these two methods to determine the effect of the conservation easement on the subject property in accordance with these instructions.

   a. USPAP: A USPAP appraisal of the proposed easement area before placement of the easement and a USPAP appraisal of the proposed easement area as if the easement is in place. The difference between these two values will be the affect of the easement on the subject property or

   b. Yellow Book: By completing an appraisal for market value as defined below of the larger parcel before the easement (before value) is placed and an appraisal for market value as defined below of the larger parcel as if the easement is in place (after value) as of the date of a current date. The difference between the before value and the after value is the price of the easement. 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. The valuation of the effect of imposition of the easement is based upon Federal Rules, which considers any loss in value to the whole property as well as any increase in value of the whole property due to imposition of the easement.

B. APPRAISER QUALIFICATIONS

All real property appraisers performing appraisals under this program shall be State Certified General Real Property Appraiser, or obtain a temporary practice permit, in conformance with Title XI of the Financial Institution’s Reform, Recovery and Enforcement Act of 1989 (FIRREA) in the State(s) where the subject property is located and be in good standing with the licensing authority where the credential was issued. Appraiser must have demonstrated competency in compliance with USPAP in conducting appraisals of agricultural properties with and without conservation easements of the requested type and shall provide documentation of appraisal education courses attended including either eminent domain or conservation easements course completion for either
appraisal methods stated in A(1) and UASFLA (Yellow Book) course for any Yellow Book appraisal

C. PURPOSE OF THE APPRAISAL REPORTS

Depending upon which of the approved appraisal methods has been selected by the entity the applicable purpose of the appraisal report shall be stated in the report.

1. FOR YELLOW BOOK APPRAISALS: The purpose of the appraisals is to provide an opinion of market value, as defined below, of the subject property (larger parcel) before acquisition of an easement (before value) and an opinion of market value of the subject property remaining after the proposed easement has been placed (after value) as of a current date in a self contained report format. The appraiser shall recognize that in a before and after appraisal, the partial interest being acquired is not actually being appraised. What is appraised is the larger parcel before and after the conveyance of the partial interest.

The purpose of two opinions of value is to establish the effect on value resulting from imposition of a conservation easement. The price of the easement is the before value of the larger parcel minus the after value of the property as encumbered by the FRPP Warranty Easement Deed, provided there are not adjustments such as excess irrigation water rights explained below, which would equal the price of the easement. A key concept in this appraisal process is defining the larger parcel is required to begin the appraisal process. The appraisals must be completed in compliance with Uniform Standards of Professional Appraisal Practice, Uniform Appraisal Standards for Federal Land Acquisitions and appraisal instructions issued by NRCS.

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

The market value definition that will be stated and used in developing and reporting this assignment is the definition as stated in the Yellow Book;

"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."

This definition makes no linkage between the estimated market value and exposure time. A specific exposure time shall 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.

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

2. FOR USPAP APPRAISALS: The purpose of the appraisals is to provide an opinion of market value, as defined below, of the proposed easement area before placement of the easement and a USPAP appraisal of the proposed easement area as if the easement is in place in a self contained report format. The difference between these two values will be the affect of the easement on the subject property. The appraisals must be completed in compliance with Uniform Standards of Professional Appraisal Practice, and appraisal instructions issued by NRCS.

The market value definition that will be stated and used in developing and reporting this assignment is as follows;

"Market value means the most probable price which 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:
   1. buyer and seller are typically motivated;
   2. both parties are well informed or well advised and acting in what they consider their
      own best interests;
   3. a reasonable time is allowed for exposure to the open market;
   4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements
      comparable thereto; and
   5. 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.

No other definition of market value is acceptable for USPAP appraisals.

D. BACKGROUND FOR THE APPRAISAL REPORT

1. Prepare two opinions of value of the subject property before placement of the easement and after
   placement of the easement as stated above in a self contained report format. The after condition or
   second appraisal will be based upon a hypothetical condition that the conservation easement is in place
   and the effects on value that may be created.

2. Client is (entity name), unless otherwise directed by the Client.

3. Intended User shall be identified as USDA/NRCS and any other specific organization or entity that
   may be involved in the specific transaction unless otherwise directed by the Client.

4. Intended Use will be for USDA/NRCS and any other specific organization or entity that may be
   involved in the specific transaction consideration in determining the effect on value of the
   conservation easement of lands entering into the Farm and Ranch Lands Protection Program.

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 and 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 or allotments will be clearly identified that
   are located on the subject property 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 such as pivot sprinklers, moveable
   pipe, tow lines etc that are located in the proposed easement area will be included in 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/ranchland operation and other agricultural conservation values. This volume
   will also be documented in the Conservation Plan and Easement baseline Inventory Report Exhibit
   attached to the Conservation Deed. Irrigation water rights that are legally owned and used on the
   proposed subject property will be described and valued in the appraisal. The appraiser will document if any portion these irrigation water rights can be removed from the
   subject property or not. If the irrigation water rights can 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 in
   both the before and after valuation.

E. THE APPRAISAL REPORT
1 Description of Work Product

The appraisal(s) will meet the requirements of the Uniform Standards of Professional Appraisal Practice, Uniform Appraisal Standards for Federal Land Acquisitions regulations as applicable and appraisal instructions issued by NRCS as a self contained appraisal report.

The Appraisal Report can consist of a Form Report or a Narrative Report, or a combination may be used. The Appraisal Report must be in compliance with Uniform Standards of Professional Appraisal Practice, Uniform Appraisal Standards for Federal Land Acquisitions as applicable and must use the following guidelines as stated in these standards

Restricted Use or Summary Reports are not acceptable.

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

The appraiser shall talk personally to the property owner or the owner’s agent or representative and the property owner or the owner’s agent or representative shall be given an opportunity to accompany the appraiser during his or her inspection of the subject property which shall be documented in the appraisal

The Uniform Residential Appraisal Report (URAR) shall not be acceptable

Reports must contain a Table of Contents and sequentially numbered pages including addenda. Reports may contain handwritten page numbers

Reports shall 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.

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 will be discussed with the technical review appraiser who will keep the client advised of such discussions.

The effective date of the Appraisal Report is the date of the site visit by the appraiser

The appraisal(s) shall be in typewritten or legible ink print form and/or automated or computerized forms

Only reports completed and submitted on 8½ inch by 11 inch paper will be accepted

The Appraisal Report shall be bound in a durable report cover with appropriate identification

The appraiser shall provide one (3) originals of the appraisal(s) to the specific organization or entity that may be involved in the specific transaction. Reference the above instructions, including exhibits, for details on appraisal reports, appraisal forms required, and required methodology and supporting documentation

2. Required Elements for FRPP Appraisals

Part 1 Introduction
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 __________, and the method of inspection was __________

(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) ______________________
Print Name ______________________
Printed Name and Professional Accreditation
State Certification # ____________

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 __________, and the method of inspection was __________

(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) 

Print Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Printed Name and Professional Accreditation

State Certification # \_\_\_\_\_\_\_\_\_\_\_\_\_\_

5 Summary of salient facts

6. Photographs of 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. An aerial photo should be used to show the location of the photos.

b. The name of the photographer

c. The date the photograph was taken.

7. Statement of assumptions and limiting conditions

All appraisal reports submitted to the 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.

If the appraisal has been made subject to any encumbrances against the property, such as easements, that shall 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.

The use of a hypothetical condition that provides access for NRCS and partners to the easement area will be shown on a map of the subject property to restore, maintain and monitor the purpose and function for which the easement was placed 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. The use of any other hypothetical conditions is not permitted. The use of an uninstructed 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. Do not include limiting conditions that significantly restrict the application of the appraisal.

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

8. Scope of the appraisal
This section shall fully describe the extent of investigation and analysis. The scope of work should be consistent with the intended use of the appraisal.

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.

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

10. Summary of the appraisal problem

Part 2 Factual Data

11. Legal description

12. Area, city and neighborhood data

13. Property data
   a. Site
   b. Improvements
   c. Fixtures, livestock and forage production structures and facilities
   d. Use history
   e. Sales history

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

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

   f. Rental history

   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

   The contract appraiser shall 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
Part 3 Data Analysis and Conclusions before Acquisition

14. Analyses of highest and best use
   a. **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.” 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 parcel(s).

   b. **FOR USPAP APPRAISALS**: The contract appraiser may refer to definitions as found in “The Dictionary of Real Estate Appraisal.”

   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 for which the Federal Government will put the property after it has been acquired is, as a general rule, an improper highest and best use. A non-economic 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.

   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.

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

   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.

   Market value cannot be predicated upon potential uses that are speculative and conjectural.

   The contract appraiser's opinion of a reasonable probability of a zoning change must have a factual foundation. The appraisal report shall include a description of the investigation undertaken to determine the probability of rezoning. The investigation shall include thorough research of the use(s) and zoning of properties situated similarly to the subject property within the area covered by the zoning authority. The stated rezoning conclusion shall be supported by facts surfaced in the research. A property cannot 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.

15. Land valuation

16. Value estimate by the cost approach

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.

17. Value estimate by the sales comparison approach

Nearby arm’s length transactions, comparable to the land under appraisal, 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.

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.

When supportable by market evidence, the use of quantified adjustments is preferred. Percentage and dollar adjustments may, and often should, be combined. Resort to qualitative adjustments only 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.

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

The documentation of each comparable sale shall include:

a. Parties to the transaction

b. Date of transaction

c. Confirmation of the transaction

Confirm the transaction with the buyer, seller, broker, or other person having knowledge of the price, terms, and conditions of sale.
d. Buyer motivation

e. Location

f. Size

g. Legal description

h. Property rights conveyed

i. Consideration

j. Financing terms

k. Verify if the sale was an arm's length or distressed sale

l. Improvements

m. Physical description
   Describe topography, vegetative cover, water influence, improvements, irrigation water, soils and other characteristics

n. Non-realty items

o. Economic characteristics

p. Zoning

q. Current use

r. Topographic map

s. Photographs

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

Include a list of the sales considered, but not actually used, in the addenda. Cite pertinent facts such as date, size, buyer and seller, price, terms, location, and explain why each sale was not used.

The contract appraiser shall adhere to USFRA 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.

Value estimate by the income approach
All data shall be market supported.
Correlation and final estimate

The contract appraiser must avoid making a summation appraisal. 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.

Part 4 Factual Data after Acquisition

Legal description

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. 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.

Neighborhood factors

Property data
a. Site
b. Improvements
c. Fixtures
d. History
e. Assessed value and annual tax load
f. Zoning and other land use regulations

Part 5 Data Analysis and Conclusions after Acquisition

Analysis of highest and best use
Land valuation
Value estimate by cost approach
Value estimate by sales comparison approach
Value estimate by income capitalization approach
Correlation and final value estimate

Part 6 Acquisition Analysis

Recapitulation
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.

For Yellow Book appraisals only: Allocation and explanation of damages. Briefly explain any damages to the remainder property.

For Yellow Book appraisals only: Explanation of special benefits. Identify any special benefits accruing to the remainder.

Part 7 Exhibits and addenda

Location map
Maps shall clearly identify the property and be of sufficient quality to enable the review appraiser to locate the property on the ground. Maps shall be dated, include a legend, scale, and north arrow. The original copy of the report shall contain original maps or vivid color copies.
a. Area Map. This is a small-scale map showing the general location of the subject market area.

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

c. Tract Map or Plat. This map is a large-scale (2-inch/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 shall be delineated on this map, or a separate map.

33 Comparable data maps
This map shall 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.

34. Detail of comparative data
Include a completed form showing all information for each comparable transaction used in the appraisal. Include a plat (if available), a USGS topographic map (if appropriate), and color photo(s) of each sale. The transaction number must match the number of the transaction listed in the report.

35 Plot plan
36 Floor plan
37 Title evidence report
Include a copy of the preliminary title report for the non-Federal land if available

38 Other pertinent exhibits
Present additional data such as documents and charts pertinent to the valuation and referred to in the body of the appraisal. Exhibits may include:

   a. A copy of the Conservation Easement Deed

   b. 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.

   c. Property owner permission to appraise

39 Qualifications of appraiser
Include the qualifications of all contract appraisers or technicians who made significant contributions to the completion of the appraisal assignment. The contract appraiser(s) must provide evidence of compliance with the
certification requirements of the state(s) where the properties are located

F. Appraisal Reviews

All appraisal reports are subject to a technical appraisal review conducted for compliance with NRCS appraisal instructions, UASFLA and USPAP as applicable prior to acceptance by NRCS as determined by NRCS. All appraisal reports will have, as a minimum, an administrative appraisal review conducted by NRCS on each appraisal report in accordance with Section 519.62 (F).

G. Format for Supplemental Appraisal Reports.

Supplements or amendments to appraisal reports, such as for updating value estimates, changes in acreage, additional support or explanation, or to correct a previous appraisal report, shall be referenced for incorporation with the original report in accordance with USPAP. The following format is recommended. All items must be addressed.

1. **Title Page.** Include the same information as on the original appraisal report. Label the report as a “Supplemental Appraisal Report.”
2. **Summary of Facts.** Include
   (i) Owner’s name or other identification of the property.
   (ii) Size.
   (iii) Highest and best use.
   (iv) New opinion of value.
   (v) Valuation date is the effective date of the original report.
3. **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.
4. **Changes.** Explain the reason for the appraisal supplement; such as, to update an opinion of value due to survey acres, amend a previous appraisal report, add additional support or explanation, or other.
5. **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 and/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, followed by the contract appraiser’s signature.
6. **Certification as required in Attachment 2 item E2.**
7. **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.
(8) **Binding.** If the Supplemental Appraisal Report comprises more than four pages, it shall be bound in a durable report cover with appropriate identification.
USPAP Administrative Appraisal Review Checklist

REVIEW CHECKLIST

1. Title Page
   Agency/Entity Name
   Landowners Name
   Appraiser's Name
   Appraiser's Address
   Effective Date of Appraisal

2. Letter of Transmittal
   Date of Letter
   ID of Property
   Property Rights
   Effective Date
   Special Assumptions
   Special Instructions
   Value Opinion
   Signature
   Analysis: Self-Contained Report

3. Table of Contents - Adequate Omitted

4. Certification
   Statements True and Correct
   Limited only by stated assumptions
   No interest/bias - property/parties
   Compensation not contingent
   Inspection
   Landowner Accompany
   Professional Assistance

5. Summary of Salient Facts
   Property ID
   Effective Date
   H&B
   Improvements
   Extraordinary Assumptions/Hypothetical Conditions

6. Subject Photos - Adequate Omitted

7. Assumptions/Limiting Conditions
   Appropriate
   Extraneous
   Erroneous

8. Scope of Appraisal
   Adequate Omitted

9. Purpose of Appraisal
   Reason for Appraisal
   Definition of Market Value
   Property Rights
   Intended Use
   Intended User

10. Summary of Appraisal Problem
    Adequate Omitted

11. Legal Description
    Adequate Omitted

12. Area Data
    Adequate Omitted

13. Site Data
    Present Use
    Access
    Topography
    Cover
    Improvements
    Utilities
    Size
14. History Last Transaction Considered yes no

15. Assessed Value/Tax Load - Adequate _____ Omitted ______

16. Zoning Description - Adequate _____ Omitted ______
   Zoning used in report consistent with permitted uses yes no

17. Highest and Best Use
   Vacant - Adequate _____ Omitted ______
   Fow Tests - Adequate _____ Omitted ______

18. Sales Comparison Approach
   Comparables - Buyer Seller yes no Date of Sale yes no Legal/ID yes no
   Recording Data yes no Price yes no Terms yes no Location yes no Zoning yes no
   Present Use yes no Planned Use yes no
   Description yes no Photos yes no Good Map yes no
   Location Map yes no Analysis - Adjustment documented yes no
   Conclusions Understandable yes no

19. Cost Approach
   Land Analysis - Comparables yes no
   Conclusion Understandable yes no

20. Income Approach
   Gross Income - documented yes no Vacancy yes no
   Expenses - documented yes no
   Cap Rate - documented yes no
   Conclusion documented yes no

21. Final Value Estimate
   As of date _____ Reconciliation documented yes no
   Conclusion documented yes no

22. Crop base/allotments in easement area yes no
    Disposition of crop base/allotment transferred acquired by NRCS
    Is it valued in appraisal ______

23. Overall
    Clear and understandable yes no
    Adequate Information yes no
    Complete yes no
    Reasonable yes no

24. Exhibits - Adequate Maps yes no Title Info yes no
    Appraisal Instructions yes no Qualification of appraiser yes no
    Comments:

25. Appraisal complies with contract specifications yes no

26. Appraisal acceptable for use in the acquisition of an NRCS easement yes no

Administrative reviewer signature ____________________________
Date ____________________________
UASFLA (Yellow Book) Administrative Appraisal Review Checklist

REVIEW CHECKLIST

1. Title Page
   Agency/Entity Name ________________
   Landowners Name ________________
   Appraiser’s Name ____________________________
   Appraiser’s Address ____________________________
   Effective Date of Appraisal ________________

2. Letter of Transmittal
   Date of Letter __________ ID of Property __________
   Property Rights __________
   Effective Date __________ Special Assumptions __________
   Special Instructions __________
   Estimate of Before Value __________ After __________
   Signature yes____ no____
   Analysis: Self-Contained Report yes____ no____

3. Table of Contents Adequate ________ Omitted ________

4. Certification
   Statements True and Correct yes____ no____ Limited only by stated assumptions yes____ no____
   No interest/bias - property/parties yes____ no____ Compensation not contingent yes____ no____
   Consistent with UASFLA yes____ no____ USPAP yes____ no____ Jur Excep yes____ no____
   Inspection yes____ no____ Landowner Accompany yes____ no____
   Professional Assistance yes____ no____ Value as of date __________
   Before value __________ After value __________

5. Summary of Salient Facts
   Property ID __________ Effective Date __________ H&B Before/After __________
   Improvements yes____ no____
   Extraordinary Assumptions/Hypothetical Conditions yes____ no____
   Value Before __________ After __________

6. Subject Photos Adequate ________ Omitted ________

7. Assumptions/Limiting Conditions
   Appropriate ________ Extraneous ________ Erroneous ________

8. Scope of Appraisal Adequate ________ Omitted ________

9. Purpose of Appraisal for before and after
   Reason for Appraisal according to appraisal specs yes____ no____
   Def. Mkt Value according to appraisal specs yes____ no____
   Property Rights surface rights only appraised yes____ no____
   Intended Use according to appraisal specs yes____ no____
   Intended User according to appraisal specs yes____ no____

10. Summary of Appraisal Problem before and after Adequate ________ Omitted ________

11. Legal Description Adequate ________ Omitted ________

12. Area Data Adequate ________ Omitted ________
13. Site Data
Present Use yes_no _ Access yes_no _ Topography yes_no _ Cover yes_no _
Improvements yes_no _ Utilities yes_no _ Size yes_no _

14. History Last Transaction Considered yes_no _

15. Assessed Value/Tax Load Adequate _____ Omitted _____

16. Zoning Adequate _____ Omitted _____

17. Highest and Best Use
Before Vacant – Adequate _____ Omitted _____
Improved – Adequate _____ Omitted _____
Four Tests – Adequate _____ Omitted _____

18. Sales Comparison Approach Before
Comparables – Buyer Seller yes_no _ Date of Sale yes_no _ Legal/ID yes_no _
Recording Data yes_no _ Price yes_no _ Terms yes_no _ Location yes_no _ Zoning yes_no _
Present Use yes_no _ Planned Use yes_no _
Description yes_no _ Photos yes_no _ Good Map yes_no _
Location Map yes_no _ Analysis – Adjustment supported yes_no _
Internal Logic yes_no _ Conclusions Reasonable yes_no _

19. Cost Approach Before
Reproduction/Replacement Cost: Adequately Supported yes_no _
Depreciation: Market Supported yes_no _
Analysis – Supported yes_no _ Internal Logic yes_no _
Reasonable Conclusion yes_no _

20. Income Approach Before
Gross Income – Adequately supported yes_no _ Vacancy yes_no _
Expenses – Adequately supported yes_no _
Cap Rate – Adequately supported yes_no _
Conclusion reasonable yes_no _

21. Value Estimate Before
As of date _____ Reconciliation Adequate yes_no _
Conclusion reasonable yes_no _

22. After Vacant – Adequate _____ Omitted _____
Improved – Adequate _____ Omitted _____
Four Tests – Adequate _____ Omitted _____

23. Sales Comparison Approach After
Comparables – Buyer Seller yes_no _ Date of Sale yes_no _ Legal/ID yes_no _
Recording Data yes_no _ Price yes_no _ Terms yes_no _ Location yes_no _ Zoning yes_no _
Present Use yes_no _ Planned Use yes_no _
Description yes_no _ Photos yes_no _ Good Map yes_no _
Location Map yes_no _ Analysis – Adjustment supported yes_no _
Internal Logic yes_no _ Conclusions Reasonable yes_no _

24. Cost Approach After
Reproduction/Replacement Cost: Adequately Supported yes_no _
Depreciation: Market Supported yes_no _
Analysis – Supported yes_no _ Internal Logic yes_no _
Reasonable Conclusion yes_no _
25 Income Approach After
Gross Income – Adequately supported yes no Vacancy yes no
Expenses – Adequately supported yes no
Cap Rate - Adequately supported yes no
Conclusion reasonable yes no

26 Crop base/allotments in easement area yes no
Disposition of crop base/allotment transferred acquired by NRCS
Is it valued in appraisal

27 Value Estimate After
As of date Reconciliation Adequate yes no
Conclusion reasonable yes no

28 Overall
Clear and Accurate yes no
Adequate Information yes no
Complete yes no
Reasonable yes no

29 Exhibits – Adequate Maps yes no Title Info yes no Instructions yes no Qualification of appraiser yes no
Comments:

30 Appraisal complies with contract specifications yes no

31 Appraisal acceptable for use in the acquisition of a FRRP easement yes no

Administrative reviewer signature Date
519.105 Technical Appraisal Review Specifications

TECHNICAL APPRAISAL REVIEW SPECIFICATIONS FOR APPRAISALS OF REAL PROPERTY FOR THE FARM AND RANCH LANDS PROTECTION PROGRAM (FRPP)

A. BACKGROUND INFORMATION

The United States of America, acting through the United States Department of Agriculture, Natural Resources Conservation Service (NRCS) is considering purchasing an easement to assist the landowner in protecting privately owned land on a farm or ranch that contains at least 50 percent prime, unique, Statewide, or locally important soil, or contains historical or archaeological resources, and is subject to a pending offer by an eligible entity. Eligible land includes cropland, rangeland, grassland, pasture land, and forest land provided the forested acreage does not exceed two-thirds of the easement acreage. These lands may ultimately be placed under a conservation easement through FRPP of NRCS.

All appraisal reviews completed for this program shall comply with Uniform Standards of Professional Appraisal Practice (USPAP), Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), as applicable and appraisal instructions issued by NRCS. The reviewer shall verify with the client the date of the cooperative agreement the appraisal was completed under to establish the requirements which the appraisal and review are to be completed to.

B. REVIEW APPRAISER QUALIFICATIONS

Review Appraisers shall be State Certified General Real Property Appraiser and be in good standing with the licensing authority where the credential was issued. The review appraiser must have demonstrated competency in compliance with USPAP in conducting appraisal reviews of agricultural properties with and without conservation easements of the requested type. All reviewers must provide documentation of appraisal education courses attended including eminent domain or conservation easements courses, at least 40 hours of training in conducting technical reviews and UASFLA (Yellow Book) for Yellow Book reviews and shall be provided by the review appraiser in the review report.

C. PURPOSE OF THE APPRAISAL REVIEW REPORTS

1. FOR YELLOW BOOK APPRAISALS: The purpose of the technical appraisal review report is to provide an opinion of the acceptability of the appraisals that provide a market value of the subject property (larger parcel) before acquisition of an easement (before value) and an opinion of market value of the subject property remaining after the proposed easement has been placed (after value) as of the date of execution of the cooperative agreement between the entity and USDA/NRCS minus any adjustments for excess irrigation water to arrive at the effect on value of the easement. The appraisals and technical review must be completed in compliance with Uniform Standards of Professional Appraisal Practice, Uniform Appraisal Standards for Federal Land Acquisitions and NRCS instructions. For the purpose of these appraisal reviews, the Federal Rules for acquisition will be used.

The purpose of two opinions of value is to establish the effect on value resulting from imposition of a conservation easement. A key concept in this appraisal process is defining the larger parcel, which is required to begin the appraisal process.

The market value definition that will be stated and used in developing and reporting this assignment is the definition as stated in the Yellow Book:

“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.”

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

2. FOR USPAP APPRAISALS: The purpose of the appraisals is to provide an opinion of market
value, as defined below, of the proposed easement area before placement of the easement and a USPAP
appraisal of the proposed easement area as if the easement is in place in a self contained report format. The
difference between these two values will be the affect of the easement on the subject property. The appraisals
must be completed in compliance with Uniform Standards of Professional Appraisal Practice, and appraisal
instructions issued by NRCS.

The market value definition that will be stated and used in developing and reporting this assignment is as
follows:

“Market value means the most probable price which 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 are the consummation of a sale as of a specified date and the passing of title from seller to
buyer under conditions whereby:
1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their
own best interests;
3. a reasonable time is allowed for exposure to the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements
comparable thereto; and
5. 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.

No other definition of market value is acceptable for USPAP appraisals.

A separate technical appraisal review report of each appraisal report will be conducted if two or
more appraisals have been requested.

D. SCOPE OF WORK

The scope of work is a desk technical review to assure the appraisal meets the definition of
appraisal as required, examine the appraisals to assure that they meet applicable appraisal
requirements which include Uniform Standards of Professional Appraisal Practice (USPAP),
Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), as applicable to the
appraisal assignment, and appraisal instructions issued by NRCS. The technical appraisal review
report will be in compliance with USPAP Standard 3, UASFLA, and appraisal instructions issued
by NRCS and will be type written, dated and signed by the reviewer. All items contained in
Standard 3 of USPAP must be documented by the review appraiser in the technical appraisal
review report. The appraisal reviewer will be required to make a determination as to the
acceptability of the appraisal in accordance with instruction provided to the appraiser and these
instructions.

The review appraiser may be instructed to express their own opinion of value. This determination
will be made on a case by case basis by the authorized official and will be included in any work
order.

The review appraiser will determine if the appraisal is approved or not approved.

If the review appraiser determines the appraisal report is approved, the review appraiser will set
forth in the review report the recommended value, if the appraisal report complies with the
assignment standards and adequately supports the value estimate, complied with contract
requirements, and for Yellow Book appraisals specifically document any damages or benefits to
any remaining property.

If the review appraiser determines the appraisal report is not approved, the Program Manager will
provide NHQ staff appraiser with a copy of the appraisal and the reasons the appraisal report was
not acceptable as stated in the appraisal review report. NHQ staff appraiser will make a
determination if the appraiser should be contacted, by whom and determine if the appraisal report
should be returned for corrections or if a new appraisal should be ordered. The review appraiser
may be instructed to work with the appraiser to obtain an acceptable appraisal in an advisory role.
If the review appraiser does not approve the appraisal, the transaction closing will not take place.

The review appraiser must obtain a copy of the listed standards at their own expense and have them
available during any technical review for reference.

a. Not Approved

If, after diligent documented efforts have been made to get the needed support and
improvements, the appraisal report still does not meet acceptable standards and the value estimate is
not adequately supported, the review appraiser may disapprove or reject an appraisal report.
Rejection indicates particular problems of integrity. The review appraiser shall clearly show why
the appraisal report is inadequate.

Ultimate disapproval of a contract appraisal report because, in the review appraiser’s
opinion, the value estimate is unsupported or not supported strongly enough, does not constitute
"rejection" for contract payment purposes if the contractor has complied with the contract
specifications.

Recommending a second appraisal to confirm, support, or replace an unapproved appraisal
report does not constitute rejection. If, however, the second report supports a significantly different
value estimate and that report is ultimately approved, this effectively disapproves the previous
appraisal report(s).

No appraisal should be "rejected" unless it is in violation of appraisal principles and
standards, Agency or Departmental regulations or directives, is inconsistent with facts, or asserts
unsupported conclusions.

Appraisals shall not be rejected and fee withheld unless the report clearly and flagrantly
does not comply with the appraisal specifications.

c. Limitations

1. The review appraiser may not change an appraisal report, except for minor
mathematical or typographical errors, and must call those minor changes to the appraiser's
attention. No one, except the original appraiser, is permitted to edit or otherwise revise the
original appraisal report.

2. The review appraiser may not substitute personal judgment for that of the appraiser,
not dismiss careful appraisal judgment solely because it cannot be supported by conclusive market
data. However, the review appraiser may question the appraiser's judgment when it is illogical,
unreasonable, not supported by data cited, or is inconsistent with other data.
3. The review appraiser shall not allow agency goals or adversarial pressure to influence the reviewer's opinion of an appraisal report's value estimate. Nor can the staff review appraiser's personal opinion regarding the proposed action influence the review process.

4. The review appraiser must not attempt to influence the appraiser's judgment or direct the appraiser toward a value estimate. The only effort should be to obtain a properly supported value estimate based on factual evidence and valid analysis of all facts available through use of approved appraisal approaches and techniques. Minor technical non-conformance with the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) and the Uniform Standards of Professional Appraisal Practice (USPAP) should not be the cause of rejection of an appraisal report unless the deficiencies affect the reliability of the value estimate.

UASFLA and USPAP Conflicts: Conflicts between UASFLA and USPAP are minimal. When there is conflict, UASFLA takes precedence. It may be necessary to invoke the Jurisdictional Exception Rule to USPAP to meet certain standards of the UASFLA. Invocation of the Jurisdictional Exception Rule should never be invoked lightly and must include citation of the over-riding Federal policy, rule, or regulation that requires it.

E. BACKGROUND FOR THE APPRAISAL REVIEW REPORT

1. Client is USDA/NRCS and or (entity name).

2. Intended User is USDA/NRCS and or (entity name) unless otherwise directed by the Client.

3. Intended Use will be for USDA/NRCS determination of acceptability of the appraisals for use in consideration in determining the effect on value of the easement for lands entering into FRPP.

4. Property rights to be appraised will be surface rights, improvements such as homes, barns, hay sheds and 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 or allotments will be clearly identified that are located on the subject property 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 such as pivot sprinklers, moveable pipe, tow lines etc. that are located in the proposed easement area will be included in the valuation.

5. 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/ranchland operation and other agricultural conservation values. This volume will also be documented in the Conservation Plan and Easement baseline Inventory Report Exhibit attached to the Conservation Deed. Irrigation water rights that are legally owned and used on the proposed subject property will be described and valued in the appraisal. The appraiser will document if any portion these irrigation water rights can be removed from the subject property or not. If the irrigation water rights can 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 in both the before and after valuation.

6. A copy of the work order to the appraiser, appraiser instructions and all related information will be provided to the review appraiser by the Agency.
All technical appraisal reviews are subject to a review for compliance with the applicable instructions by NRCS/NHQ.

The review appraiser shall prominently state any crop base acres and allotment history that are located in the easement area or moved to another parcel as identified in the appraisal.

The effective date of the technical review will be the effective date of the appraisal.

The review appraiser may use Jurisdictional Exceptions when completing the technical review of Yellow Book appraisals when compliance with part or parts of USPAP is contrary to law or written public policy applicable to the assignment.

Only technical review reports completed and submitted on 8½ by 11 papers will be accepted.

Technical review reports must contain a Table of Contents and sequentially numbered pages including addenda.

The technical appraisal(s) reports shall be in typewritten or automated or computerized forms.

The review appraiser will document whether the analysis and documentation contained in the appraisals supports the opinion of value arrived at by the appraiser.

The technical review format will be as shown in Exhibit 1.
Exhibit 1

Technical Appraisal Review Report

Appraisal Review of __________ (property) __________

Prepared by __________ (name, title, unit) __________

This technical appraisal review report is presented in four sections: (1) Appraisal Report Summary, (2) Appraisal Review Purpose, Scope, and Intended Use, (3) Reviewer’s Analysis, Comments, and Conclusions, and (4) Reviewer’s Certification.

For Yellow Book Appraisals: As a result of my review, I (approve), (disapprove), the appraisal report that concludes an 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) __________

Print Name __________

Printed Name and Professional Accreditation

State Certification # __________

For USPAP Appraisals: As a result of my review, I (approve), (disapprove), the appraisal report that concludes an opinion as of __________ (date) __________, the market value of the subject parcel before conveyance of the partial interest is $ __________, and the market value of the subject parcel after conveyance of the partial interest is $ __________.

By: __________ (signature) __________

Print Name __________

Printed Name and Professional Accreditation

State Certification # __________

Identify type of value such as market, investment or other value, and identify and give estimated contributory value(s) for major components such as land, timber, improvements, damages, and benefits

Any extraordinary assumption and/or hypothetical condition of the appraisal report or the appraisal review report shall be recited here.

Section 1: Appraisal Report Summary

Each shall be completed from information in the appraisal report. If the assignment required no extraordinary assumptions, jurisdictional exceptions, or hypothetical conditions, so state.


Section 2: Appraisal Review Process

a. Client and Intended Users.

b. Intended Use

c. Purpose of the Review Assignment.

1. FOR YELLOW BOOK APPRAISALS: The purpose of the technical appraisal review report is to provide an opinion of the acceptability of the appraisals that provide a market value of the subject property (larger parcel) before acquisition of an easement (before value) and an opinion of market value of the subject property remaining after the proposed easement has been placed (after value) as of the date of execution of the cooperative agreement between the entity and USDA/NRCS minus any adjustments for excess irrigation water to arrive at the effect on value of the easement. The appraisals and technical review must be completed in compliance with Uniform Standards of Professional Appraisal Practice, Uniform Appraisal Standards for Federal Land Acquisitions and NRCS instructions. For the purpose of these appraisal reviews, the Federal Rules for acquisition will be used.

The purpose of two opinions of value is to establish the effect on value resulting from imposition of a conservation easement. A key concept in this appraisal process is defining the larger parcel, which is required to begin the appraisal process.

2. FOR USPAP APPRAISALS: The purpose of the appraisals is to provide an opinion of market value, as defined below, of the proposed easement area before placement of the easement and a USPAP appraisal of the proposed easement area as if the easement is in place in a self-contained report format. The difference between these two values will be the affect of the easement on the
subject property. The appraisals must be completed in compliance with Uniform Standards of Professional Appraisal Practice, and appraisal instructions issued by NRCS.

d. Scope of Work.
Describe work the reviewer did with the property before the appraisal, knowledge of any other appraisals that you reviewed, property and comparable property inspection, sale verification, additional data and information procured, analytical methods applied, and what standards were followed. If the appraiser revised the appraisal during this review, at your request, describe the extent of the revision process. Any analytical work or support documents shall be retained in the reviewer’s work file.

Section 3: Reviewer’s Analysis, Comments, and Conclusions.
The purpose of this section is to report the reasons and provide support for the reviewer’s conclusions and explain discrepancies and disagreements. This section should be written in a detailed narrative format that clearly achieves the standards found in UASFLA Part C and USPAP SR 3-2(d). What follows is an outline of substance to be considered for the narrative:

a. Present your opinion of the adequacy to which the appraiser followed appraisal instructions, including value definition, sales verification, extraordinary assumptions and hypothetical conditions, hazardous material conditions, estate appraised, legal description used, and general specifications followed.

b. Analyze and describe adequacy and appropriateness of appraiser’s largest parcel determination.

c. Analyze and describe adequacy and appropriateness of appraiser’s highest and best use determination. Comment whether an economic analysis was appropriate and carried out correctly. Compare subject and sales for consistency of highest and best use; compare subject zoning and land use regulations with appraiser’s analysis of legal property uses; explain reasons of agreement or disagreement with highest and best use conclusion.

d. Analyze and describe adequacy of appraiser’s analysis of previous sale of subject property.

e. Review and describe adequacy and appropriateness of valuation approaches selected.

f. Review and describe adequacy of treatment of contributory values of minerals, water, timber, improvements, personal property, and intangibles.

g. Review and describe appropriateness of sale data stratification, review methods and accurateness of sales analysis, adjustments to sales, and value indications obtained from sales.

h. Review for reasonableness and accuracy all assumptions and data in the cash flow analysis of the income approach and analyze for appropriateness the market extracted rate applied to the subject cash flow. Ensure the appropriateness of computer software used in sales, income, and statistical analysis.

i. Explain and conclude as to the reasonableness and appropriateness of the overall appraisal methods used and support presented. State whether the appraisal report is approved or disapproved. If other than approved, summarize the principal reasons for your action.
Section 4: Reviewer Certification

The italic words need to be changed for the circumstances and reviewer

I certify that, to the best of my knowledge and belief:

- The facts and data reported by the reviewer and used in the review process are true and correct.

- The analysis, opinions, and conclusions in this review report are limited only by the assumptions and limited conditions stated in this review report and are my own personal, impartial, and unbiased professional analysis, opinions, and conclusions.

- I have no present or prospective interest in the property that is the subject of the work under review and no personal interest with respect to the parties involved.

- I have no bias with respect to the property that is the subject of this report or to the parties involved in this assignment.

- My engagement on this assignment was not contingent upon developing or reporting predetermined results.

- My compensation is not contingent on an action or event resulting from the analyses, opinions, and conclusions in this review or from its use.

- My analysis, opinions, and conclusions were developed and this review report was prepared in conformity with the NRCS appraisal instructions and appraisal review instructions, the Uniform Standards of Professional Appraisal Practice (for USPAP appraisals as applicable) and to the Uniform Appraisal Standards for Federal Land Acquisitions (for Yellow Book appraisals as applicable).

- My report preparation and presentation conforms to the requirements of the Code of Professional Ethics and Standards of (applicable professional organizations).

- I am a member of the (applicable professional organizations) and am current on all continuing education requirements through (date).

- I have (have not) made a personal inspection of the subject property under review.

- (Name of professional or no one) provided significant appraisal, appraisal review, or appraisal consulting assistance to the person signing this certification.

Reviewer __________________________ Date of Review __________________________
General Certification Number and State and expiration date when required by State.

Title __________________________
Attach Qualification Statement for the Reviewer.