

## APPENDIX C: Appraisal Requirements Checklist

### NCLWF Acquisition Program

NC Land and Water Fund (NCLWF) requires substantiation of the fair market value of all real property interests being acquired through the Acquisition Program. All appraisals will be reviewed by the State Property Office (SPO) and must adhere to the following policies and requirements.

To expedite your project's progress, please seek appraisals early in the pre-closing process and submit them as soon as all required appraisals are available. **Do not wait to submit appraisals with other required pre-closing documents.**

### NCLWF Appraisal Guidelines and Procedures

The NCLWF Board of Trustees has established Guidelines and Procedures that control the appraisal process for the Acquisition Program.

- A minimum of one appraisal is required to determine the fair market value of all real property interests being acquired.
  - Exception for NCLWF requested funds: When the tax assessed land value ("tax value") of a real property interest is less than \$200,000, the tax value will be acceptable in lieu of an appraisal. For fee transactions, up to 100% of the tax value may be used as substantiation of value. For conservation agreement-only transactions, up to 80% of the tax value may be used as substantiation of value.
  - Exception for matching funds: When a fee simple absolute interest is donated, 100% of the tax value may be used as substantiation of value. When a conservation easement is donated, 80% of the tax value may be used as substantiation of value. This exception does not apply to bargain sales.
- A second appraisal is required when the value of a real property interest, irrespective of any bargain sale, exceeds or is expected to exceed \$1,000,000.
- NCLWF cannot participate in acquisitions in which the sales price is higher than the SPO-concluded value.
  - Exception: For local government projects or nonprofit greenway projects that avoid the use of eminent domain by a local government partner, NCLWF may reimburse up to 10% over the appraised value, up to \$20,000. Any amount over 10% or \$20,000 must be approved by the Board of Trustees.

### Appraisal Requirements

NCLWF requires that all appraisals:

- be performed by a NC general certified appraiser competent in the assignment
- be an Appraisal Report in narrative style that conforms with Uniform Standards of Professional Appraisal Practice ("USPAP") and/or Uniform Appraisal Standards for Federal Land Acquisitions ("Yellow Book")
  - if another funder requires a Technical Review of a Yellow Book appraisal, contact your NCLWF Contract Administrator prior to contracting with the appraiser(s)
  - restricted appraisal reports and form reports are not recommended and may be rejected if not enough detail or justification is provided, especially for conservation agreement-only projects
- include "the State of North Carolina for the North Carolina Land and Water Fund" as intended users of the report
- clearly describe the property to be appraised and that is under contract for funding by NCLWF; the appraiser may include other properties or portions of properties in their analysis as needed (for example, "larger parcel" discussions)
- for conservation agreement-only projects, use the "before and after" approach to calculate the value of the conservation agreement

- clearly exclude the value of structures
  - the purchase of historic structures may be included, if approved by the Board of Trustees
- clearly exclude the value of timber that has been contracted, sold, or harvested
  - if appropriate, timber valuations performed by the appraiser or a forester may be submitted for timber that will not be harvested
- when two appraisals are required, ensure that the assignments are comparable in scope, methodology, and timeframe
  - for example, submitting two appraisals that have different acreages, or one appraisal that considers the larger parcel and a second that does not may delay review for your project or require an additional appraisal
- have preclearance from your NCLWF Contract Administrator of hypothetical conditions used in the conclusion of value

### **Items to Provide to the Appraiser(s)**

Grant Recipients are responsible for providing the above appraisal requirements as well as the following materials to the appraiser(s) prior to their work on the project:

- current map or survey of the project area clearly identifying the subject property and, for conservation agreement-only projects, the boundaries of the proposed conservation agreement(s) in relation to the tract as a whole, if different
- for conservation agreement-only projects, the draft conservation agreement(s) to be recorded on the property
- preliminary title opinion listing the title exceptions and supporting documentation, including any active timber contracts or deeds
- information regarding public access if the relevant property does not have existing public road frontage; if legal access does not exist, advise appraiser of plans for obtaining easements or otherwise accessing the property
- information regarding any contract or option to purchase associated with the subject property
- information regarding any bargain sale intended by the landowner

### **Appraisal Review**

Grant Recipients must ensure the preceding items comply before submitting for NCLWF and SPO review. Noncompliance will cause delays and may require revision of appraisals.

SPO will issue an appraisal review memo with a conclusion of value of the interest being acquired through the grant contract. If any appraisal is found to be unsatisfactory, SPO may require additional appraisals.

NCLWF will provide a memo stating the conclusions of the SPO appraisal review to the Grant Recipient Contract Administrator once it has been received, approximately 90 days after receipt of appraisals; complex or insufficient materials may cause delays. The full review may be provided if requested.

Contact your NCLWF Contract Administrator for any questions on the process. Please do not contact SPO directly unless instructed by NCLWF.