

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 grant contract, 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: When the tax assessed land value (“tax value”) of a real property interest is less than \$100,000, 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 a substantiation of value. For conservation agreement-only transactions, up to 80% of the tax value may be used as substantiation of value.
- A second appraisal is required when the value of a real property interest, irrespective of any bargain sale, exceeds or is expected to exceed \$500,000.
- 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
- be summary appraisals in narrative form in accordance with Uniform Standards of Professional Appraisal Practice (“USPAP”) or Uniform Appraisal Standards for Federal Land Acquisitions (“Yellow Book”)
 - do not mix and match USPAP and Yellow Book methods
 - if another funder requires a Technical Review of a Yellow Book appraisal, contact your NCLWF Contract Administrator prior to contracting with the appraisers as this Technical Review may meet the requirements for a second appraisal
- include permission for use by the State of North Carolina for the North Carolina Land and Water Fund
- include only the property subject to the grant contract
- 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
 - timber valuations performed by the appraiser or a forester may be submitted for any timber that will not be harvested

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 of the project area clearly identifying the subject property and, for conservation agreement-only projects, the boundaries of the proposed conservation agreement(s)
- 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 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 copy of the appraisal review memo to the Grant Recipient Contract Administrator once it has been received, approximately 90 days after receipt of appraisals.

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