

Appendix E

Appraisal Standards

Instructions for Applicants and Appraisers

General Requirements

The Land for Maine's Future Program requires that all appraisal reports comply with the most recent edition of the USPAP and Appraisal Standards required by LMF. For proposals using other sources of funding (e.g. federal), additional appraisal standards may be required for those programs (e.g. Yellow Book). If a Yellow Book appraisal is submitted, the Applicant must submit a copy of the appraisal review and any documentation of its acceptance by other agencies. Any appraisal submitted to LMF must be conducted by a Maine Certified General Appraiser with an active license in good standing.

Appraisal Standards

For LMF's purposes, an acceptable appraisal must:

- 1) Be in the form of an Appraisal Report. A Restricted Appraisal Report or "form" appraisal is not acceptable. The Appraisal Report must be in the form of a complete, USPAP-compliant appraisal report, clearly written and reasoned and containing sufficient narrative to describe the data collection and analysis so that non-Appraisers can understand how the valuation conclusion was derived. "Sufficient narrative" for LMF as an intended user includes:
 - a) A Title Page
 - b) A Transmittal Letter (including specification that landowner or designated represented was provided the opportunity to participate in the inspection, summary of appraisal assignment, size of property, effective date, estimated value, and statement that the appraisal meets LMF standards).
 - c) A Table of Contents
 - d) A summary of important facts and conclusions
 - e) Each sale discussed in the narrative *as well as* presented in table or grid form, showing adjustment for times, size, location, appeal, soils, improvements (buildings, etc.) and circumstances of the transaction that may affect value (as applicable to type of subject).
 - f) A discussion of any document included within the report material to the appraiser's conclusions.
 - g) A clear description of the appraiser's approach, reasoning behind decisions, and resulting conclusions.

- h) An Addendum containing:
- A **legible** site map of the subject showing all relevant features with "North" clearly identified. A copy of a survey map is best but, in the absence of a survey, a tracing of the property boundaries from an ortho-photo is preferred.
 - A map showing the location of all comparable sales and listings.
 - Photographs of subject and all recent comparable sales
 - Citations to applicable portions of zoning ordinances, by-laws, and other local regulations
 - Wetlands or flood plain map, if applicable. If these are present, you **must** delineate boundaries within the subject property.
 - Statement of any limiting conditions
 - Appraiser's qualifications
 - Copy of recorded deed
- 2) Comply with ALL applicable standards. LMF will accept appraisals that comply with USPAP as well as any additional standards appropriate for a given transaction, e.g., Treasury Regulations for gifts/bargain sales and/or the Uniform Appraisal Standards for Federal Land Acquisitions ("UASFLA" a.k.a. "Yellow Book").
- 3) Appropriately identify the property and address any enhancement or larger parcel identification issues pursuant to the relevant standards. Any added value accruing to reserved lots, abutting land or lands in the same neighborhood under related ownership as a result of the conservation acquisition must be considered.
- 4) Address the appropriate Client. The appraisal must identify the "Client" as the purchaser of the property, another project partner that does not have an ownership interest in the property being acquired, **or** the seller and the purchaser **jointly**. However, in the case of a Yellow Book appraisal with an accompanying appraisal review, the seller may be identified as the only Client.
- 5) Intended User. The Land for Maine's Future must be identified as an additional Intended User (also satisfactory is State of Maine, DACF, DIFW, DMR or Maine Historic Preservation Commission).
- 6) Review. The appraisal *may* be subject to Compliance Review by a third-party Appraiser.
- 7) Sales between Private Entities. LMF requires that the direct sales comparison approaches to valuation include at least three properties and be accomplished primarily through comparison with sales between private parties. Sales to nonprofit conservation organizations or to government agencies must be limited to a supplementary role in the analysis. If any comparison sales are employed that involve governmental or nonprofit conservation owners, the use of the sale must conform to the UASFLA.

- 8) Hypothetical Conditions. In the unusual instance when an appraisal analysis includes Extraordinary Assumptions or Hypothetical Conditions, the applicants and Appraiser should discuss the approach taken with the LMF project manager and Director prior to finalizing the appraisal. This does not apply in the case of conservation easement appraisals where the “after” situation is generally considered a hypothetical condition.
- 9) Appraisal Report Presentation. Applicants may submit electronic PDF-format appraisals. Applicants must submit an electronic copy and six hard copies of each appraisal report.
- 10) Subject Property Sales History. The appraisal report must include a ten-year history and analysis of conveyances of the subject property and must include and analyze the last deed of conveyance in an addendum.
- 11) Value Conclusion. The Appraiser shall state a single value in the reconciliation, not a range of value.
- 12) LMF Standards Met. The appraisal must include a statement that the appraisal meets LMF Appraisal Standards.
- 13) Public Availability. Appraisals received by LMF are public documents and should not contain statements limiting public availability.
- 14) Conservation Easements – Additional Requirements.
 - The proposed conservation easement or other similar protection agreement must be included in an addendum. **In order to ensure an accurate valuation, the draft easement must be complete enough that it clearly states what rights are being retained and what rights are being conveyed and restricted.** This easement should be reviewed with the LMF project manager before being used for the appraisal. Appraisers may include an extraordinary assumption, stating that “assignment results may be affected if the recorded deed differs from the draft deed of conservation easement that was appraised, and I reserve the right to prepare a new appraisal if necessary.”
 - A careful discussion of the proposed restrictions should be included in the after-value analysis.
 - Any improvements, including reserved building rights and their envelopes allowed in restrictions, must be discussed in the appraisal and shown on the map of encumbered land.