

## Appraisal Oversight Committee

The Appraisal Oversight Committee (AOC) is a sub-committee of the Land for Maine Future (LMF) Board. The role of the AOC is to evaluate appraisals submitted by applicants seeking LMF funding, and to make a recommendation to the LMF Board for their vote to allocate LMF funds. The AOC has three options in making their recommendation to the Board:

1. Approve the appraisal.
2. Approve the appraisal with reservation(s).
3. Reject the appraisal.

The objective of the AOC is to ensure that the appraiser has clearly identified the appraisal problem, that the methodology used to address the appraisal problem is well supported by data provided in the report and that the appraisal meets the appraisal standards outlined in the LMF Workbook. The AOC will consider the following in making their determination:

- Has the appraiser stated the appraisal problem?
- Does the appraiser address the appraisal problem in the scope of the appraisal?
- Has the appraiser identified the property rights to be appraised?
- Does the appraiser determine the highest and best use of the property based upon legal, physical and economic conditions?
- Does the appraiser apply the appropriate approach to value (generally sales comparison approach) based upon the highest and best use?
- Does the appraiser adequately identify the market where the property is located?
- Has the appraiser adequately discussed the breadth of sales from the subject market area and justified why local sales were or were not considered?
- Does the appraiser use sales from other market areas and justify why?
- Does the appraiser use comparable sales for each component of the valuation that are similar in size, location, quality, potential and amenity value? If not, does the appraiser provide justifications for deviating from these criteria?
- Are the appraiser's qualitative and quantitative adjustments adequately supported in the report?

The AOC may also consider the following factors in making their recommendation to the Board:

- Results of appraisal reviews required by other public and private funders;
- The factors for which the Board selected the project and any special conditions placed on the project by the Board;
- The relative contribution of LMF funds to the overall value of the property;

The AOC reserves the right to conduct its own due diligence to confirm that the highest and best use and approach to value is credible. Any independent research or information obtained by the AOC will be made available to all AOC members and LMF staff, and will be made part of the public record.

If the appraisal does not appear to be credible, or the AOC needs clarification, the committee will submit questions to the appraiser. The AOC has the option to approve, approve with reservation(s), or reject the appraisal based upon the appraiser's response.