

## **RCO Appraisal Assignment Instructions for Grant Funded Projects**

*This is a list of appraisal assignment instructions for use by RCO project sponsors when hiring an appraiser to conduct a real property valuation for an RCO funded acquisition project. These are minimum conditions and instructions that the RCO project sponsor should include in the solicitation for hiring an appraiser to ensure that the appraisal document meets RCO requirements. This list is not meant to be a comprehensive list, but includes pertinent information to assist the contractor in his preparation of an appropriate scope of work for the appraisal assignment. The project sponsor should feel free to add additional information and instructions as deemed necessary to ensure the development of a credible appraisal.*

*RCO project sponsors should include the following instructions in any appraisal solicitation:*

### **1) Assignment Description**

Provide a description of the appraisal assignment and the property to be valued. State whether the appraisal is for fee simple interest in the property or for less than fee simple rights, such as a conservation easement, and describe all reservations.

### **2) Property Information**

- a) Legal Description – Include the legal description from the preliminary title report. If only a portion of the ownership listed on the preliminary title report is to be appraised, clearly identify the area to be acquired in the property description.
- b) Property Description – Include the parcel number(s), acreage to be acquired and a map. If the acreage is different from the county assessment records, state source for the acreage estimate.
- c) Property Access – Describe the existing physical access to the property and the location of legal access to the public roadway, if known.
- d) Ownership and Occupant Information – Include any information you have about the current ownership of the property and any tenants. Note other adjacent property under the same ownership if the acquisition is for less than the entire ownership.
- e) Preliminary Title Report – Provide a copy of the preliminary title report with existing easements and encumbrances.

- f) Special Property Characteristics – Identify or describe any special attributes or conditions affecting the property (i.e. threatened or endangered species, geologic hazards, etc.)

### 3) Appraisal Criteria and Instructions

- a) Client – The client must be the recipient of RCO grant funds. It cannot include the landowner or other third party unless approved by RCO.
- b) Intended Users – The intended users must always include the client (i.e., the recipient of RCO grant funds) and RCO.
- c) Intended Use – The intended use must include a statement regarding the voluntary acquisition of the identified property.
- d) Appraisal Standards – Instruct the appraiser that the appraisal is required to comply, at a minimum, with the *Uniform Standards of Professional Appraisal Practice* (USPAP) and applicable requirements specified in RCO's *Manual 3, Acquisition Projects* (December 2010).
  - i. UASFLA – If the acquisition is to be funded with an RCO administered federal program grants, the appraiser also must comply with the performance and reporting requirements of the *Uniform Appraisal Standards for Federal Land Acquisitions* (UASFLA).
  - ii. Land and Water Conservation Fund (LWCF) projects only – If the project is to be funded in the LWCF program, include a copy of *Chapter 4, Section of the Land and Water Conservation Fund Assistance Program Manual* (October 2008) and instruct the appraiser to follow any applicable requirements.
- e) Definition of Market Value – The appraiser must employ the definition of market value in the UASFLA if conducting an appraisal to the federal standards. For USPAP compliant appraisals, RCO recommends the use of the UASFLA definition of market value. The market value must be expressed as a point value.
- f) Date of Value – This typically should be the same as the date of the last property inspection unless otherwise instructed or justified.
- g) Encumbrances – Include encumbrances from the preliminary title report and instruct the appraiser to address whether any of the encumbrances would impact the market value of the property. If the appraiser becomes

aware of unrecorded encumbrances through the course of their work, those should also be addressed as to whether they would impact the market value of the property.

- h) Property Owner Contact – The appraiser must contact the landowner or landowner’s representative and invite them to accompany the appraiser on the property inspection. The appraisal must include a description of the efforts to contact the landowner including dates, methods of contact, whether the landowner accompanied the appraiser during the inspection and any other general communication between the appraiser and landowner.
- i) Report Format – The report format must be a self-contained appraisal report, unless the acquisition is non-complex and acquisition on the entire property, in which case the report format may be a summary appraisal report. Restricted use reports are not acceptable.
- j) Report copies – Specify the number of printed copies of the appraisal report that the appraiser will be required to submit. Provide an electronic copy of the final report to RCO at the conclusion of the appraisal review process.
- k) Participation in the Appraisal Review Process – The appraiser should be informed that the appraisal report will be reviewed by an independent review appraiser. The appraisal contract should require that the appraiser respond to the review appraiser’s inquiries and questions, and provide clarifications and corrections as necessary to enhance the credibility of the appraisal report.

#### **4) Special Conditions**

- a) Extraordinary Assumptions – The appraiser may not assume any extraordinary assumptions without the client’s written pre-approval. RCO strongly recommends that the project sponsor seek pre-approval of any atypical assignment conditions under which the appraisal is conducted to ensure compliance with RCO policies and the grant project agreement. This recommendation does not extend to extraordinary assumptions regarding commonly occurring circumstances (such as final terms and conditions of a conservation easement if the appraisal is made before recording).
- b) Hypothetical Conditions – The appraiser may not use any hypothetical conditions without the client’s written pre-approval. RCO strongly

recommends that the project sponsor seek pre-approval of any special assignment conditions under which the appraisal is conducted to ensure compliance with RCO policies and the grant project agreement. This recommendation does not extend to hypothetical conditions regarding commonly occurring circumstances (such as the conditions of a property in the “before” or “after” premise).

- c) Any other interest, such as a life estate or leases must be provided. If the appraisal is for less than fee simple rights, such as an easement, provide the appraiser with an outline of the easement terms at a minimum. It is preferable to provide the appraiser with a complete negotiated easement (with language approved by RCO) to ensure all terms of the easement are addressed in the appraisal.

### **5) Appraiser Qualifications**

- a) Level of Licensure – The appraiser must have the appropriate level of state licensure based upon the appraisal assignment in order to conduct the appraisal. RCO strongly recommends that the principal appraiser be a State Certified General Real Estate Appraiser for all complex property types and partial acquisitions (i.e., license number begins with 270-11).
- b) Competency – The appraiser should indicate to the project sponsor as part of his fee quote proposal his competency in appraising properties of the type and geographic location of the subject property. Demonstration of competency must also be included in the appraisal report.
- c) UASFLA training – If conducting an appraisal to UASFLA standards, the appraiser must identify his experience and qualifications for conducting an appraisal to meet these standards. The RCO recommends the appraiser provide evidence of recent training (within the past 5 years) in the UASFLA standards.

### **6) Attachments to Solicitation**

- a) Property identification materials
- b) Preliminary title report
- c) Section 5 of RCO Manual 3: Acquisition Projects (December 2010)
- d) Other supplemental standards (i.e., LWCF program rules, matching fund rules, etc.)

