Forest Service Manual
National Headquarters - Washington Office
Washington, DC

Forest Service Manual 5409.12 – Appraisal Handbook

Chapter 10 – Principles and Procedures

Amendment: 5409.12-2021-2

Effective date: July 21, 2021

Duration: This amendment is effective until superseded or removed.

Superseded Directive: 5400-2005-1, 5410.6, 02/14/2005; 5409.12_10-2005-2, 02/15/2005

Approved by: Tina Johna Terrell, Associate Deputy Chief, NFS

Date approved: July 12, 2021

Responsible Staff:

Explanation of changes: Following is an explanation of the changes throughout the directive by section.

Posting Instructions: Amendments are numbered consecutively by Handbook number and calendar year. Post by document; remove the entire document and replace it with this amendment. Retain this transmittal as the first page(s) of this document. The last amendment to this Handbook was 5400-2005-1, 5409.12_10-2005-2.

10: Changes chapter title from "Principles and Process" to "Principles and Procedures." Revises chapter in its entirety. Makes minor technical, formatting, and editorial changes throughout the chapter.

11: Establishes direction for "Appraiser Qualifications," previously set out in FSM 5410.6.

12: Establishes code, caption and sets forth direction for "Scope of Work to Valuation Guidelines" to reflect Uniform Appraisal Standards of Professional Appraisal Practice (USPAP) and Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) guidelines regarding Scope of Work.

12.1, 12.2, 12.5, 13.1, 13.22, 14.1, 14.34, 14.7, 15.21, 15.5: Changes "estimate(s)" to "opinion(s)" throughout the document.

12.5: Adds updated FSM 5410.71.16 reference.

12.6: Establishes direction on Permits, Contracts, Licenses, and Value.

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13.22: Revises direction to provide language that the appraiser should consider physical and legal access and its availability in the market.

14.1: Adds direction that hypothetical conditions must be coordinated with the Forest Service Review Appraiser. Adds use of an uninstructed hypothetical condition that results in other than "as is" market value will invalidate the appraisal.

14.5: Incorporates guidance from Deputy Chief Interim Policy Guidance on Larger Parcel Determination for Agency Fee Acquisitions to comply with UASFLA (March 29, 2018).

15.21: Adds references to UASFLA and CFR.

15.5: Adds direction for larger parcel requirements as outlined by Uniform Appraisal Standards for Federal Land Acquisitions for Multiple Case acquisitions and criteria for appraisal updates.

16: Recodes "Exhibits" previously set out in section 15 to this section "Exhibits-Requests for Appraisal Services." Updates each template and adds references to FSM 5410.71.

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This Appraisal Handbook is intended for use by Forest Service Staff Appraisers and by other Lands personnel concerned with real property valuation. This handbook may also be used as a reference by Staff Appraisers dealing with private contract appraisers, Line Officers, and partners.

11 - Appraiser Qualifications

11.1 - Appraiser Qualifications

An appraiser is a trained professional who has the experience to make defensible judgments concerning real property value. The appraiser must be knowledgeable of appraisal ethics, principles, theory, methods, practices, and techniques, as well as applicable Federal, State, and local laws, ordinances, codes, and procedures. The appraiser shall also have practical knowledge of certain aspects of realty, accounting, engineering, architecture, soils, forestry, silviculture, surveying, construction, mineralogy, agriculture, and associated areas. Primarily, the appraiser shall have the ability, ingenuity, and resourcefulness to gather and analyze sales, cost, income, social, economic, and political data, and the ability to process these data into defensible valuation conclusions.

1. Staff Appraisers (FSM 5410.61). The Forest Service shall ensure that Staff Appraisers are not assigned duties as negotiators or case processors for Forest Service land transactions**.** Staff Appraisers are full-time Forest Service appraisers working under a position description classified in the GS-1171 series. A requirement of all Staff Appraiser positions who are providing valuation services in support of agency real estate programs shall, at a minimum, be State-Certified General Appraisers in accordance with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), as amended. Additionally, Senior Review Appraisers, Regional Appraisers, and the Chief Appraiser are required to have a designation or accreditation that requires approved classroom training in appraisal practice, experience requirements, a demonstration appraisal report or appraisal review report, and a comprehensive qualifying examination in the attainment of the credential. All Staff Appraisers shall demonstrate a working knowledge of the Standards (FSM 5410.3) through experience and training. This includes completion of the Appraiser Qualifications Board-approved Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) course and evidence of UASFLA-compliant reports submitted to and approved by Federal agencies within the preceding five years (FSM 5410.62.3). Staff Appraisers active in multiple States require certification only in one State (OMB Bulletin 92-06). The delegation from the Chief Appraiser to Regional Appraisers, and re-delegation from the Regional Appraisers to Staff Appraisers, of appraisal and appraisal review and approval authority shall be based on individual qualifications, experience and performance.

a. Training Requirements. Appraisers shall successfully complete a variety of acceptable courses presented by recognized professional appraisal organizations, such as those presented by sponsor organizations of The Appraisal

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Foundation, or courses by accredited universities or colleges covering the same subject matter. In developing training plans for Staff Appraisers, select courses in consultation with the Regional Appraiser and include course work on all phases of appraisal practice dealing with properties which are the subject of Forest Service lands activities.

These courses must deal specifically with:

(1) Professional standards and ethics.

(2) Real property appraisal principles, concepts, and theory.

(3) Basic valuation procedures.

(4) Techniques and mathematics of capitalization.

(5) Rural property valuation.

(6) Partial interests.

(7) Appraisal review.

Appraisal workshops approved by the Chief Appraiser and conducted in-Service by Regional Appraisers, may be substituted for up to 40 classroom hours of out-Service training requirements during a 3-year education cycle. All Staff Appraisers shall successfully complete continuing education requirements as prescribed by regulatory authorities.

b. Experience. The Regional Appraiser shall certify annually, Staff Appraisers who met the minimum experience and training requirements and the level of expertise attained. The Regional Appraiser shall prescribe and monitor any corrective action necessary to maintain appraisers' credentials.

2. Private Contract Appraisers (FSM 5410.62). Private contract appraisers shall be qualified in accordance with FIRREA. The minimum qualification level requires a State-Certified General License in the State in which the subject property is located, a demonstrated working knowledge of the UASFLA, and shall possess the qualifications and experience equivalent to meet the competency provision of USPAP. All Contract (Fee) Appraisers shall demonstrate a working knowledge of the Standards (FSM 5410.3) through experience and training. This includes completion of the Appraiser Qualifications Board-approved UASFLA course and evidence of UASFLA-compliant reports submitted to and approved by Federal agencies within the preceding five years (FSM 5410.62.3).

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11.2 - Apprentice Appraiser

An Apprentice Appraiser (AA) may be a full-time appraiser. No appraisal experience is required to become an AA. The AA is assigned to work with a qualified Staff Appraiser to perform developmental assignments while applying basic appraisal techniques to help develop an opinion of value for assigned properties. Under the direction of a qualified Staff Appraiser, the AA learns to appraise real property interests to be used for voluntary acquisition, land exchange, sale or grant, rights-of-way acquisition, land-use authorization programs, and purchase, lease, or rental of administrative sites or other sites. An AA may appraise low value, noncomplex properties provided they do so either under the supervision of or in collaboration with a qualified Staff Appraiser. An AA may assist a qualified Staff Appraiser in appraising more complex properties and must be identified in the report as having contributed to the appraisal process. The AA shall have an approved training and work development plan that will lead to staff certification as a qualified appraiser within 5 years. The AA is authorized to prepare reports and shall at a minimum be co-signed by a qualified Staff Appraiser other than the assigned review appraiser for that case. The AA shall become a Qualified Appraiser (QA) within 5 years after being first certified as an AA.

11.3 - Qualified Appraiser

The Qualified Appraiser (QA) must be a full-time appraiser. The QA requirements of the position include meeting the requirements of an AA and in addition, must have the experience and training to make defensible judgments concerning real property valuation. Minimum qualifications include licensure as a State-certified general real estate appraiser in compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The QA performs appraisals within limits of delegated authority and serves as an expert on all issues related to real property appraisals on assigned cases. The QA is expected to be thoroughly trained and experienced in providing appraisal and valuation services for simple and complex assignments. Assignments may include complex and high-value properties or interests in real properties where data is limited or scarce. Property types include timberland, recreation land, transition land, land with a highest and best use for residential, commercial, industrial uses, mineral or gravel assets, improved properties requiring cost, income, and sales comparison approaches to value, and special purpose properties. Interests or estates appraised may include rights of way, easements, conservation or scenic easements, mineral rights, life estates, or other partial interests. The QA may appraise all properties within their technical expertise and may prepare Statements of Value for noncontroversial land exchanges where neither side of the proposal exceeds $150,000. The QA shall successfully complete continuing education requirements as prescribed by regulatory authorities. Candidacy for a professional real estate appraisal designation is encouraged.

11.4 - Qualified Review Appraiser

The Qualified Review Appraiser (QRA) must be a full-time appraiser. The QRA requirements of the position include meeting the requirements as a QA, must have a current Certified General

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Appraiser license in good standing from a State in compliance with Title IX of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and must have been certified as a QA for the preceding 3 years, and in addition, must have the ability to objectively and professionally critique the work of staff and private contract appraisers and administer appraisal contracts as a Contracting Officer's Representative (COR) for appraisals performed by private contract appraisers. Once certified by the Regional Appraiser as a QRA, occasional appraisal assignments may be required for professional development purposes at the discretion of the Regional Appraiser.

The Regional Appraiser may provide a delegation of authority to prepare, review, and approve appraisals up to $1,000,000. In addition, the QRA may prepare Statements of Value for noncontroversial land exchanges where neither side of the proposal exceeds $150,000. The QRA must successfully complete continuing education requirements as prescribed by regulatory authorities. Candidacy for a professional real estate appraisal designation is encouraged.

11.5 - Senior Review Appraiser

The Senior Review Appraiser (SRA) must be a full-time appraiser. The SRA requirements of the position include meeting the requirements as a QRA, must have a current Certified General Appraiser license in good standing, and must have a designation or accreditation that requires approved classroom training in appraisal practice, experience requirements, a demonstration appraisal report or appraisal review report, and a comprehensive qualifying examination in the attainment of the credential.

The Regional Appraiser may delegate to a SRA, authority to prepare, review and approve appraisals up to $2,500,000. The Regional Appraiser, with the written concurrence of the Chief Appraiser, may delegate to a qualified SRA authority to review and approve appraisals up to $10,000,000. A SRA may also serve as a COR for appraisals performed by a private contract appraiser. The SRA must have worked during the preceding 2 years as a full-time review appraiser. The SRA must also have dealt with the more complex appraisal problems in the Region that include a variety of property assignments and types supporting all aspects of lands activities. Occasional complex appraisal assignments may be required for professional development at the discretion of the Regional Appraiser. The SRA must successfully complete continuing education requirements as prescribed by regulatory authorities.

11.6 - Regional Appraiser

The Regional Appraiser (RA) must be a full-time appraiser who manages and coordinates the Region's real property valuation program. The RA requirements of the position include meeting the same qualification requirements as a SRA, have a current Certified General Appraiser license in good standing, and must have a designation or accreditation that requires approved classroom training in appraisal practice, experience requirements, a demonstration appraisal

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report or appraisal review report, and a comprehensive qualifying examination in the attainment of the credential.

The RA manages and directs the Forest Service's real property and land-use valuation program for the region; provides leadership, coordination, and direction for the development and administration of regional policy, standards, methods, and procedures for the valuation of real property and real property interests, and provides input to National policy.

Based on experience and education qualifications, the Chief Appraiser may delegate unlimited final technical approval authority, with no dollar limit, for all appraisal work in the Region, and special assignments in other Regions. The RA participates as an active member of the Staff Director's leadership team which engages in staff planning, budgeting, integration and collaboration of related program areas, and is actively assigned in the Acting Director rotation. The RA shall successfully complete continuing education requirements as prescribed by regulatory authorities.

Refer to FSM 5410.42 for additional direction on Regional Appraiser.

11.7 - Chief Appraiser

The Chief Appraiser (CA) must be a full-time appraiser who manages and coordinates the Region's real property valuation program. The CA requirements of the position include meeting the qualification requirements as a Regional Appraiser, have a current Certified General Appraiser license in good standing, and must have a designation or accreditation that requires approved classroom training in appraisal practice, experience requirements, a demonstration appraisal report or appraisal review report, and a comprehensive qualifying examination in the attainment of the credential.

The CA serves as the Agency's official principal spokesperson for all matters pertaining to real property valuation for the Forest Service, and officially represents the Agency in its dealings with all other public and private interests on these matters. Also provides direct technical supervision for eight regional appraisers and general oversight and direction for all Forest Service appraisers. The CA is responsible for managing and directing the Forest Service's real property and valuation services program. The position is located within the Lands staff, National Forest System, and reports directly to the Washington Office Director of Lands. The CA provides leadership, coordination, and direction for the development and administration of national policy, procedures, and standards for the valuation of real property and real property interests for all functions and purposes across 155 national forests and 20 national grasslands.

The CA also provides and/or oversees valuation advice for State and Private Forestry programs, Acquisition Management, and Research Station needs and serves as a technical valuation specialist for other agencies within USDA, including the Office of the Inspector General, as well as the Government Accountability Office. The CA possesses an excellent grasp of valuation theory and its application to a wide variety of property types, from urban to wilderness

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environments; from Maine to Hawaii and Puerto Rico to Alaska; from mineral properties to heavily forested tracts; from conservation easements to leaseholds and requires a comprehensive knowledge of the management of the national forests, natural resources, and agency activities that might require valuation services.

The CA has final technical approval authority, with no dollar limit, for all appraisal work involving the Forest Service and serves as the final authority for all valuation policy issues. The CA must successfully complete continuing education requirements as prescribed by regulatory authorities. Refer to FSM 5410.41b for additional guidance on Chief Appraiser.

12 - Valuation Guidelines

12.1 - Scope of Work

A full understanding of the assignment is essential to determine a proper Scope of Work that will enable appraisers to solve the appraisal problem. It is ultimately the appraiser's responsibility to discuss these critical elements with the assigned Review Appraiser at the time they are engaged to perform the assignment to ensure the appraisal is credible, reliable, and accurate. The Scope of Work will vary from case to case and should reflect the complexity of the property, case specifics, and market. The client, intended use, and intended users are critical factors that impact Scope of Work decisions.

12.2 - Federal Law Controls

Appraisers shall have a thorough understanding of Federal laws and regulations that affect the appraisal process and opinions of value (FSM 5410.3). When there is a conflict between Federal laws and regulations and State laws and regulations, Federal laws, and regulations control. There are limited exceptions to this rule in specific environmental laws such as the Clean Water Act (62 Stat. 1165; 33 U.S.C. 1251, "et seq") and Clean Air Act (69 Stat. 322; 42 U.S.C. 7401, "et seq") where Congress requires Federal conformity with State laws. Consult with the Office of the General Counsel if confronted with a question of the applicability of State laws.

12.3 - Market Value is the Standard

Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of value, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property (UASFLA, 1.2.4)

Carefully study the elements and characteristics that influence the marketability of the property. Adhere to the following guidelines:

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1. Provide an opinion of the market value of the property, that is, land, improvements, or interest in land, as if privately owned regardless of present ownership.

2. Do not provide an opinion of market value as the value to the Government unless written instruction is provided by the assigned staff review appraiser or the Governments proposed use is the Highest and Best Use as supported by the market. Consider only those elements recognized and given value in the private market.

12.4 - Involuntary Acquisition

Do not consider or make allowance for any involuntary nature of the acquisition, any unwillingness of the owner to sell, or inconvenience or personal hardship caused to the owner. Costs of moving, business interruption, and associated costs are non-compensable and are a separate matter covered by the Uniform Relocation Assistance and Land Acquisitions Policies Act of 1970 (84 Stat. 1894; 42 U.S.C. 4601).

12.5 - Enhancement and Diminution

The appraisal of the whole property should not include allowances for enhanced or diminished values attributable to or resulting from the public use or purpose for which the Government is acquiring the property or from the known intention of the Government to acquire the property or other property for a Federal project (FSM 5410.71.16). In appraising the whole property, disregard any decrease or increase in the utility of the property caused by the Federal project for which the Government is acquiring the property.

12.6 - Permits, Contracts, Licenses, and Value

Do not provide opinions of values enhanced or diminished by permits or licenses that the Government may revoke, renew, amend, or modify, nor base value on any action by the Government. However, do consider permits, contracts, or obligations that could legally bind the Government. Do not encourage the issuance of permits in anticipation of Federal acquisition that may result in an increase of value or higher payment to the landowner due to the Government's action.

13 - Principles and Elements of Value

13.1 - Principles of Real Property Valuation

Measure real property value by its degree of usefulness and the availability of similar lands with comparable utility. Consider the following principles:

1. Supply and Demand. The relationship is usually inverse.

2. Change. View real property and its physical, social, and economic environment in-light of its transition, not its permanence.

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3. Substitution. A prospective buyer will not pay more for a particular property than a person would for a suitable similar property if there were no costly delay.

4. Highest and Best Use. Ensure that the correct definition of Highest and Best Use is used for each appraisal. For acquisitions, UASFLA currently defines Highest and Best Use as: "The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the near future." For land exchanges, Highest and Best use, as defined in 36 CFR § 254.2, means an appraiser's supported opinion of the most probable and legal use of a property, based on market evidence, as of the date of valuation.

In UASFLA appraisals, there is a presumption that the existing use is the Highest and Best Use. Compelling evidence must be presented in support of a Highest and Best Use conclusion different from the existing use.

In determining highest and best use, consider highly probable changes in use or demand based on analysis of the market. In order to qualify for a particular highest and best use, the following factors must apply:

a. The property must have suitable physical characteristics or be capable of change;

b. Demand for the particular type of use must be present; and

c. The contemplated use must be economically feasible and legal.

For Federal acquisitions/exchanges, the determination of the larger parcel must be included in each highest and best use analysis, unless the Scope of Work is outside the realm of acquisitions/exchanges (such as, sales or conveyances of land, leases, fee determinations, and similar projects) and precludes use of the special rules and methods required by UASFLA including larger parcel analysis and the before and after methodology (UASFLA 1.2.8).

5. Conformity. Property realizes its maximum value when it is devoted to a use that reasonably conforms with the use of adjacent lands and the existing social and economic environment.

6. Anticipation. Value is created by anticipated benefits to be derived in the future. Purchasers who pay speculative prices apply this principle.

13.2 - Elements Affecting Value

To have value, a property must have utility, it must be in demand, and there must be an interested party with purchasing power. Recognize that the value of specific real property is determined by human desires or demand as modified by economic, physical, and governmental factors.

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13.21 - Economic Factors

Consider both national and local conditions that influence all properties in an area.

1. National Level. The national level includes: The economic and social status of society at the time of appraisal; the economic health and political climate of the Nation; interest rates; availability of money; leisure time; and other factors that influence human desire to own land.

2. Local Level. The second, or local level, more definitely and recognizably affects the property's value and its potential for sale. Local factors include availability of funds, interest rates, population growth, and tax structures. The local level is influenced by the national factors, but local conditions tend to modify the impact of specific items that are national in scope.

13.22 - Physical Characteristics

The physical suitability of a particular property for a specific use is the major influence on value. Several basic elements influence a property's value. The relative importance of each item varies depending on the market area and the estimated highest and best use.

1. Land. Provide an opinion of the land's total value based on its relationship to the highest and best use of the whole property.

2. Improvements. Value improvements only to the extent that they contribute to the value of the whole property. In valuing improvements, first consider whether the improvements contribute to the highest and best use. Second, consider whether improvements represent an under improvement or an over improvement. Apply the principle of substitution. Usually, the contribution an improvement makes to a property's value cannot exceed the cost new (replacement), less depreciation. Reproduction cost and replacement cost are the same only if improvements are new or, at most, only a very few years old and there is no depreciation from any source. Forest Service appraisals rarely deal with reproduction costs. Unless there is a specific need or specifically instructed otherwise, the replacement cost basis should be used in favor of the reproduction cost basis when estimating the cost of existing improvements.

3. Site Improvements. To enhance value, a land improvement must contribute to the highest and best use and cost less than or equal to their value. Occasionally, land improvements may contribute more to value than their original cost. For example, a stock tank that always has water in an area where the supply is unpredictable may be worth more than the construction cost of a similar structure.

4. Separate Resource Values. Measure only the contributory value, not the value of the product as a separate element. The property must be valued as a whole, not by the sum of the values of the various interests into which it has been carved.

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5. Location. Consider proximity to be a major element affecting value in the area. Two similar properties with the same highest and best use may have significant differences in value due to location within the market area.

6. Water. Recognize that the quantity, quality, availability, the cost to purchase, develop or control water for beneficial use may either enhance or detract from value. Ensure the legal status of water rights prior to valuation.

7. Utilities. Do not expect utilities to automatically enhance property value. Whether utilities add value depends upon the property's highest and best use.

8. Tract Size and Shape. Remember that size and shape relate directly to the highest and best use and, hence, value. Normally, the larger the size, the lower the unit value.

9. Access. Because the market value of property may be affected by both physical and legal access, describe the following:

a. Access to the property; and

b. Access across it (or interior access).

Consider access in accordance with what the market accepts. For example, distance or type of surfacing involved might not affect value as long as access is available. Lack of access can affect the highest and best use. The appraiser shall consider both physical and legal access and its availability in the market.

10. Vegetation. Consider how vegetative cover affects value. Merchantable timber may require a timber cruise. The appraiser shall determine the need for a cruise and be involved in development of the cruise specifications to conform to the private market and local acceptance. Since the appraiser may need to rely on the results of a timber cruise, they shall be involved in the selection of the forester preparing the cruise. When a timber cruise is needed, a check cruise should also be performed, preferably by the Forest Service.

11. Oil, Gas, and Minerals. Determine whether oil, gas, minerals, or mineral products, such as gravel, only contribute to the value of a property or if they are the primary element of value. Premiums may be paid for land based on the mere speculation or assumptions of the presence of valuable minerals. Additional expertise in valuing the contribution of oil, gas, minerals, or other mineral products may be needed to comply with the Competency Rule of the Uniform Standards of Professional Appraisal Practice (USPAP). As with timber, the appraiser shall be involved in the identification of need for additional consultant reports and in the selection of any consultant.

12. Recreation Potential. Recognize that each market presents a different set of conditions and different recreation value criteria. To have value in the private market,

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the property must satisfy a particular recreation need or be capable of producing an effective income. Sales of properties in the area demonstrate the needs and demand. Identify the specific type of recreation attraction and use intended for the property.

13. Special Attributes. Due to the properties' uniqueness or high values, expect properties with special characteristics to attract a relatively small number of purchasers. In appraising such properties, avoid being overly influenced by personal inclinations or scarcity of similar tracts.

13.23 - Governmental Controls

Laws, zoning, and restrictive covenants that limit full use of a property may affect its value. Consider both legal and illegal occupancy and use. Although Forest Service lands may not be subject to zoning; Forest Service lands are appraised as though they are in private ownership subject to adjacent zoning. The appraiser may need to interview local zoning officials, analyze zoning of nearby properties, and research land use plans to estimate the zoning regulations as they apply to the subject.

13.24 - Other Factors

Consider factors outside of the property that influence the highest and best use and value.

14 - The Appraisal Process

14.1 - Define the Appraisal Problem

Complete each of the following steps to define the appraisal problem.

1. Describe the Purpose and Intended Use of the Appraisal. Normally, the purpose of the appraisal is to provide an opinion of the market value of the property. In partial interest appraisals, the purpose of the appraisal is to provide an opinion of the market value of the property before and after the proposed acquisition.

The purpose of an appraisal for many land use authorization fee determinations is to provide an opinion of the market value of the authorized use.

If the opinion of value is to be based on a specific set or alternative set of circumstances, state those assumptions or conditions in the Assumptions and Limiting Conditions section of the appraisal report. The use of hypothetical conditions requires a legal instruction.

The purpose and intended use of the appraisal must be specified in the authorized officer's written Request for Appraisal Services (FSM 5410. 71, para. 2). Written appraisal instructions to private contract appraisers and Staff Appraisers are prepared following receipt of a complete Request for Appraisal Services from the authorized officer. Additionally, a pre-work conference is required prior to beginning work, unless

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the pre-work conference is waived in writing by the assigned staff review appraiser. Sample request letters are included as Exhibits 01 through 05 in section 15.

2. Describe the Property. Describe the property by its legal description or by reference to plats, deeds, surveys, and so forth. The appraisal's report must describe or identify the entire property. In a partial acquisition, the report should identify or describe the larger parcel and the estate remaining after the acquisition.

3. Identify Real Property Rights. Clearly define the interest being appraised. The interest or right may vary from full fee to only a fractional interest.

The appraised interest must be the interest that will be described in the land purchase option, land exchange agreement, declaration of taking, deed, Land Description Verification form, title commitment, and other conveyance documents.

Ascertain the title status to a reasonable degree of accuracy and consider all reservations, outstanding rights, and other factors that limit or restrict full use of the property. Obtain a copy of the preliminary title report for the non-Federal land or statement of interest (land status report) for the Federal land and include copies in the addenda of the appraisal report.

4. Determine the Date of the Value Opinion. Normally, the valuation date is the date the appraiser last inspects the property. In condemnation cases, if a declaration of taking is used, the date of filing must be the valuation date. If there is no declaration of taking, the valuation date must be the date title vests in the Government, or the date the Government takes possession, whichever is earlier. For land exchanges, the valuation date may be an agreed date with the exchange party as identified in the Agreement to Initiate. Both sides of the exchange will be treated the same. Review appraisers should ensure that the value opinion and valuation date are current.

5. Define the Value to Be Appraised. In the majority of appraisal assignments, utilize market value as described in Uniform Appraisal Standards for Federal Land Acquisitions.

6. Identify Limiting Conditions. A limiting condition is an event or circumstance that must occur or be present before the valuation applies. If the condition is not present or does not occur, the appraisal is void. State the limiting conditions in the introductory section of the appraisal report. When appraising a property with conditions that might not represent the actual present situation, carefully phrase, and use an appropriate limiting condition. The use of hypothetical conditions requires a legal instruction.

7. Explain Hypothetical Conditions. A hypothetical condition is contrary to what exists but is considered for the purpose of analysis. A hypothetical condition may only be used in an appraisal assignment if all of the following conditions are met:

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a. Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison.

b. Use of the hypothetical condition results in a credible analysis.

c. The appraiser complies with the disclosure requirements set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) for hypothetical conditions.

d. The appraiser shall always consult with the client and or counsel before employing a hypothetical condition. Written legal instructions must be provided to the appraiser and included in the appraisal report.

e. The use of a hypothetical condition must be coordinated with the Forest Service Review Appraiser. Use of an uninstructed hypothetical condition that results in other than "as is" market value will invalidate the appraisal.

8. Explain Extraordinary Assumptions. State extraordinary assumptions in the introduction of the report. Show the validity and justification for such assumptions.

An extraordinary assumption is related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. An extraordinary assumption must be coordinated with the Forest Service Review Appraiser and used in an appraisal assignment if all of the following conditions are met:

a. It is required to properly develop credible opinions and conclusions.

b. The appraiser has a reasonable basis for the extraordinary assumption.

c. The use of the extraordinary assumption results in a credible analysis.

d. The appraiser complies with the disclosure requirements set forth in the USPAP for extraordinary assumptions.

e. It is coordinated with the Forest Service Review Appraiser. Use of an uninstructed extraordinary assumption that results in other than "as is" market value will invalidate the appraisal.

9. Considering Jurisdictional Exception. A jurisdictional exception to USPAP may only be used when one or more portions of USPAP are contrary to public law or policy of a jurisdiction. The appraisal report must identify the part(s) of USPAP that are not in effect for the particular assignment and cite the legal authority justifying this action.

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14.2 - Develop the Appraisal Plan

1. Determine What Data is Needed. Prepare an outline of the proposed contents, indicating the main divisions or sections of the report and the data and processes pertinent to each.

2. Identify Data Sources. Consider county records as a major source of information on file. Also, in some areas, private industry publishes and sells information on sales, transfers, leases, and assessed values.

In preparing a specific appraisal report, the appraiser usually should augment personal data files compiled during prior appraisals by current research. The appraiser may extend investigations to include other appraisers, real estate brokers active in a particular market, mortgage lenders, data banks, or similar services, all in addition to public and private record sources noted.

14.3 - Collect and Analyze Data

Data must pertain to the appraisal problem and directly influence the value of the appraised property.

14.31 - General Data

Appraisers shall recognize and study economic trends and shall have a thorough knowledge of existing and proposed land-use regulations and plans, zoning ordinances, subdivision ordinances, and other pertinent market factors. Evaluate the effects on land use of such Governmental controls such as soil and environmental protection acts.

14.32 - Specific Data

Thoroughly investigate and analyze factors and conditions specific to the property being appraised. Consider easements, zoning, deed, or other restrictions, and physical features such as size, shape, access, topography, location, vegetation, resources, utilities, and improvement information including condition, construction, and design.

Carefully investigate specific data on comparable properties and analyze those pertaining to the appraised property. Specifically consider title status, location, access, utilities, physical characteristics, sale conditions, and zoning to the same extent as to the appraised property. Inventory both the economic and physical factors affecting the subject and comparable transactions.

The following is a general checklist the appraiser can use in evaluating the subject property and comparable transactions:

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1. Soil and Topography. Highest and best use determines the intensity of the soil examination needed. When examining lands suitable for resource production, a detailed analysis may be necessary. Collect data on soil classes, depth, fertility, structure, drainage, and other characteristics from sources such as the Natural Resources Conservation Service, agricultural colleges, or counties. Many counties have published inventories, including photographic maps. Photographic maps may be used to show characteristics of both the subject and comparables in an appraisal report. Also, consider using United States Geological Survey maps.

2. Improvements. Determine the size, actual age, and type of construction, materials, condition, deterioration (curable and incurable), obsolescence, and remaining economic life of improvements.

3. Vegetation. If merchantable timber volumes are present, determine volume by species, grade, and so forth, to the intensity commonly performed by private purchasers. For properties where timber production is a highest and best use, see section 21 of this Handbook.

4. Grazing. Consider forage production and range condition (type of vegetation, ground cover, and vigor in comparison to site potential); topography and suitability for grazing; class and kind of livestock that are to graze the area (cows with calves, yearling cattle, sheep, horses, and so forth); season of use; availability of water; soil stability; current and potential productivity; adequacy of fencing or other improvement; cost to manage; demand for grazing land; and accessibility.

5. Access. Ascertain the legality of exterior access rights, the limits on use, access roads, and so forth.

6. Utilities. Note the presence, absence, or availability of utilities, the kind and type of utilities, and ascertain if utility lines may be tapped and whether capacity is adequate to serve the property.

7. Oil, Gas, and Minerals. If minerals are the predominant value, or are given separate value, examine them carefully to the extent that private industry would examine them. Interpretation may necessitate the assistance of a consultant such as a geologist, mining engineer, and/or petroleum engineer.

8. Water Rights. Water rights may have a substantial impact on the uses to which property can be put and, as a result, on market value (UASFLA § 4.8.5). When appraising properties that have water rights that either contribute to the overall value of the property, or are severable from the property, the appraiser shall recognize that water rights are established under state law. Appraisers should research sales in the same district or drainage basin and consider water-rights seniority, past demand, drought, past depletion type of use, historic place of use, conversion, and statutory limitations on transferring place of use. There may be many other market factors that

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should be considered, such as costs of hydrologic and engineering studies as well as legal fees that must be addressed. The appraiser should consult with the authorized officer to ensure that the acquisition of the water rights can be put to beneficial use by the Forest Service.

9. Recreation Potential. Examine topography, aspect, soils (development costs depend on soil conditions), waterfront quality and quantity, tree cover, and proximity to recreation attractions.

10. Occupancy and Use. Determine legal occupancy and use from title evidence or a search of county records and discussions with the owner. Ascertain unauthorized or undocumented use by interviews or by on-the-ground examination. Analyze lease and income history.

11. Sale History. Analyze and report the 10-year sale history. Report the last sale of the subject regardless of age. Current or recent expired listings should be reported. The Government's proposed acquisition or funded grants for acquisition should be reported in this section.

14.33 - Analyze the Market

Study and analyze conditions that affect competitive supply, demand, and prices for particular types of properties. Also, investigate the rate of turnover of comparable sale properties. Analyze sale prices to determine which units of comparison most realistically measure value. Remember that although price per acre often is appropriate, price per square foot, price per animal unit, or price per developable unit may more clearly measure value.

14.34 - Determine the Highest and Best Use

In determining the highest and best use, the appraiser shall consider the uses of similar properties being purchased in the market area. The appraiser shall also consider factors which buyers recognize when purchasing property.

To determine the highest and best, the use must be:

1. Legally permissible (or reasonably probable to render it so),

2. Physically possible (or reasonably probable to render it so),

3. Probable, not speculative, now or in the reasonably near future,

4. In demand,

5. Be profitable; and,

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6. Yield the highest present net return.

Do not assign more than one highest and best use unless the market shows that individual areas on the appraised tract could be sold separately for those different uses. An exception applies where the highest and best uses are compatible and can be managed or developed together. However, market conditions must reflect that a combination highest and best use is acceptable in that particular market area.

Research zoning ordinances to see how they relate to the highest and best use and ascertain their effect on the value for the property.

In UASFLA appraisals, there is a presumption that the existing use is the Highest and Best Use. Compelling evidence must be presented that would support a change in Highest and Best Use. If a property is said to be adaptable to a use other than the present use, the appraiser shall show a demand for the use and provide evidence showing a reasonable probability of a zoning change in the near future. Seek present value (what the property is worth now as restricted, but considering potential and probability of change), not what the property may be worth after a future zoning change.

The appraisal of properties that are transitional to a higher and better use that is more intense in character should consider sales of properties that are in a similar state of transition. These types of appraisal assignments require verified market evidence that such a change has in fact happened to other similar privately owned properties under the same or similar zoning authorities. Documentation of a pending request and speculation as to possible outcome by a local zoning authority is not adequate in and of itself to support a change in the highest and best use. In essence, all conclusions of value must be fully supported by verified market transaction evidence or fully documented market analysis supporting the conclusion(s) of value. In those areas where Federal lands have been zoned by the local Government, consider the restriction only if the history of the controlling agencies shows maintenance of such zoning on private lands. Determine how the property would have been zoned if it were in private ownership.

A non-economic highest and best use is not a proper basis for a market value opinion. Therefore, a highest and best use based on conservation, preservation, or other uses that require the property to be withheld from economic production in perpetuity, is not a valid use upon which to form a market value opinion and is not in conformance with the Uniform Appraisal Standards for Federal Land Acquisitions.

14.4 - Larger Parcel Determination for Agency Conveyances

Generally, a larger parcel determination is required in an appraisal assignment. However, economic larger parcel determinations for National Forest System (NFS) lands within a National Forest that are contiguous with another National Forest would be time-consuming and expensive to determine relative to the value of the interest being granted. Therefore, the larger parcel determination for purposes of valuation must be considered to be no greater than

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the area encumbered by the interest proposed for conveyance by the United States, consistent with the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA § 1.2.8), recognizing that a larger parcel determination is not always practical or feasible. Additionally, under the hypothetical condition that the subject lands are under private ownership, unity of ownership test would limit the larger parcel to the Federal lands proposed for conveyance. The tract considered for conveyance by the United States may constitute multiple larger parcels.

The larger parcel determination for purposes of partial interest and fee conveyances by the United States is analogous to the determination made for land exchanges. The UASFLA also outlines how larger parcels for exchanges are to be considered. For a non-assembled land exchange appraisal (similar to the typical acquisition appraisal, although the estate to be appraised has been identified in the Agreement to Initiate an Exchange (ATI)), the appraiser will apply the tests of unity of ownership, unity of highest and best use, and of contiguity or proximity as it bears on unity of use in determining the larger parcel. However, for purposes of an assembled exchange appraisal, the tracts to be appraised are defined in the property description contained in the ATI. If the appraiser's analysis concludes the lands constitute more than one larger parcel, there may be a need to discount the value due to all of the lands being available on the market all at one time.

14.5 - Larger Parcel Determination for Agency Fee Acquisitions

Appraisals of non-Federal fee ownership for voluntary sale to the United States, specifically purchased by the United States Department of Agriculture (USDA) Forest Service, requires a larger parcel analysis as prescribed in the current edition of the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA).

Essential to the appraiser's conclusion of highest and best use is the determination of the larger parcel. The appraiser shall make a larger parcel determination in every appraisal conducted under UASFLA, even in minor partial acquisitions in which the appraiser is instructed not to do a complete before and after appraisal (UASFLA 1.2.7.3.1).

The larger parcel may or may not have the same boundaries as the Government's acquisition. As a result, the appraiser will determine the larger parcel in every appraisal for Federal acquisition purposes. This determination will distinguish whether a total or partial acquisition is involved, and therefore will dictate the valuation method to be used (UASFLA 4.3.3).

In every appraisal report prepared under UASFLA, the appraiser shall describe the factual basis and analysis underlying the conclusion of the larger parcel analysis. The three tests developed under the larger parcel analysis—unity of highest and best use, unity of title, and contiguity—should be addressed here. Each of the three tests (with emphasis on the unity of highest and best use) must be reported in sufficient detail for the client and intended users to fully understand the factual and analytical basis for the conclusion (UASFLA 2.3.3.1.2).

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14.6 - Apply Appraisal Approaches

Consider all three traditional approaches to value (Sales, Cost, Income) for:

1. All properties, develop the sales comparison approach, except where it is clearly impractical to do so because of a complete lack of comparable sales or it is not a market accepted approach for the property type.

2. Improved properties, develop the cost approach if necessary.

3. Income-producing properties, develop the income approach.

If any of the three traditional approaches are not developed, the appraiser is required to explain the omission of that approach. For vacant land, often only the sales comparison approach is necessary. However, if accurate, relevant land rental information is available, the income approach may be viable for vacant land.

In analyzing sales data, the sequence in which adjustments are applied to the comparable sales is determined by market data and the appraiser's analysis of that data. Transactional Adjustments are generally applied first, in the following order: Real Property Rights Conveyed, Financing Terms (cash equivalency), Conditions of Sale, Expenditures made immediately after Purchase, and Market Conditions. Property adjustments are generally applied afterwards in no particular order. Property adjustments correspond to the criteria of Highest and Best Use as they contribute to the value of the subject and are categorized into: Location, Physical Characteristics, Economic Characteristics, Legal Characteristics, and non-Realty Components. Adjustments may be applied in other sequences if the market and the appraiser's analysis of the data so indicate.

14.7 - Reconcile Appraisal Approaches

Never form an opinion of value merely by taking an average of the value indications. Examine and analyze the spread between the value indications and put most emphasis on the most reliable approach and use judgment to modify the value indicated by that approach. Place the appropriate degree of reliance on other approaches used considering the type of property appraised. For example, the sales comparison approach is usually the best indicator of value on undeveloped properties. But on other properties, or in the absence of conclusive market data, one of the other approaches may be more reliable.

The final opinion of value may or may not be the value indicated by any one approach, it may fall between the two approaches considered most reliable; however, usually it tends toward the approach considered most reliable.

Be sure the reconciliation is concise yet enables the reader to understand the appraisal problem and the factual data and to follow the appraiser's reasoning from the factual data to

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the value conclusion. The reconciliation should lead the reader to the final opinion of value and be supported by the data and analysis performed.

If only the sales comparison approach is used, reconcile the indications of value from the various comparable sales. Identify the sale or sales given most weight and explain why the sale(s) appears to be the most reliable and most comparable to the appraised property.

Unless otherwise instructed the final opinion of value is to be a total property value. However, there are situations where it is necessary to identify the unit value.

Round the final opinion of value to an amount typical of sale prices observed in the market. Avoid reporting to levels of precision not found in the market.

15 - Unique Valuation Assignments

15.1- Multiple Tracts

Caution should be taken when appraising properties composed of scattered tracts, especially when the highest and best use varies from tract to tract. Use sales with a similar configuration and highest and best use to determine value in these situations. It is usually not appropriate to appraise each individual tract and then total each tract value for an overall value. If there are few similar sales, the appraiser shall consider whether an adjustment based on size and configuration is applicable in the market area.

In exchange cases, treat both sides of the proposal the same. In certain exchange cases special instructions to the appraiser may apply when the exchange involves the assembly of multiple ownerships for exchange to the Government. These instructions must be listed in the Assumptions and Limiting Conditions section of the appraisal. Multiple-parcel Federal lands involved in assembled exchanges shall be subjected to the same valuation techniques as the non-Federal lands.

In all other appraisals of multiple, scattered tracts, address the situation and explain how total value is influenced.

15.2 - Assembled Exchanges and Purchases

15.21 - Exchanges

One of the initial steps in an exchange involving federal lands is the formulation of an Agreement to Initiate an Exchange (ATI). This nonbinding agreement outlines the exchange process, identifies the proposed lands or interests in lands to exchange, and memorializes the responsibilities of each party. The ATI also documents whether the proposed land exchange will be processed as an assembled or non-assembled land exchange (UASFLA 2016, § 1.12; 43 CFR § 2201.1§2201.3-1(b); 36 CFR § 254.5).

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Prior to signing an ATI, the Authorized Officer has the responsibility to conduct a feasibility analysis of the proposed exchange to assess the feasibility of the exchange proposal. Valuation input into the feasibility analysis may or may not include an appraisal but shall always be prepared by a qualified agency appraiser in compliance with the requirements of USPAP (*UASFLA 2016 § 1.12, 43 CFR, § 2201.1(b), 36 CFR, § 254.4(b)*).

If the feasibility analysis does not provide an opinion of value, it may not fall under UASFLA Standards but would still be considered part of appraisal practice under USPAP. If the feasibility analysis provides a value opinion, it would fall under the UASFLA Standards and must also comply with USPAP's Appraisal Development and Reporting requirements (See UASFLA 2016 § 1.12).

In certain exchange cases involving the assembly of multiple ownerships for exchange to the United States, special instructions to the appraiser may apply. These instructions must be listed in the Assumptions and Limiting Conditions section of the appraisal.

An assembled exchange is a configuration that must be authorized in the Agreement to Initiate (ATI) where the non-Federal party is requested or authorized to assemble two or more non-Federal ownerships into a single entity for conveyance to the United States in exchange for equal value Federal lands. An ownership is a property under beneficial control by the same party(ies).

A parcel or tract is a property having no common boundary with another parcel or tract under common ownership. The appraisal instructions in sections 14.21.1 and 14.2.2 apply only when an ATI authorizes an assembled exchange.

15.21a - Non-Federal Ownership

Non-Federal ownerships being assembled for exchange will be valued based upon the sum of the values of the separate ownerships as though they were being conveyed in individual transactions. If an ownership is comprised of two or more parcels, it may not be valued based upon the sum of the individual parcel values as separate transactions, but as they contribute to the total value of the ownership. The appraiser shall clearly prepare individual appraisals of each ownership that will be assembled into the non-Federal side for the exchange. Those individual appraisals may be included in a single appraisal report if authorized by the assigned staff review appraiser. The sum of the individual non-Federal ownership market values shall be the value of the non-Federal property.

15.21b - Federal Lands

Federal lands must be appraised in a similar manner. If the Federal lands are comprised of two or more non-contiguous parcels, the parcels must be appraised in market groupings similar to the non-Federal ownerships, where practical. The Federal land market groupings must be determined by the assigned appraiser based on current market research and the configuration

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must be approved by the Regional Appraiser prior to completion of the appraisal. The approval of the configuration may be redelegated to the assigned review appraiser, if appropriate. The sum of the market grouping values is the value of the Federal lands.

15.22 - Purchases

Federal real estate acquisitions are governed by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended (Uniform Act) (42 U.S.C. 4601, *et seq.)* and associated implementing regulations at 49 CFR 24. The Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) are written specifically to meet these requirements. Appraisals supporting agency purchase acquisitions shall meet the standards in the UASFLA. As indicated by its name, the Act seeks to ensure uniform treatment of entities who are selling their property to the United States. The same appraisal principles generally apply whether the property is being acquired through eminent domain or through voluntary sale. However, when eminent domain is not contemplated, and the landowner has been so notified, the agency has some flexibility in the application of appraisal procedures noted in the UASFLA. Assignment instructions must be clear if deviation from the UASFLA is contemplated. Appraisals should be documented as directed by guidance in FSM 5410 and this Handbook as instructed by the assigned review appraiser**.**

An assembled purchase is a configuration that must be identified by the Authorized Officer in the Request for Appraisal Services when the non-Federal party is requested or authorized to assemble two or more non-Federal ownerships into a single entity for conveyance to the United States by purchase. Generally, in this instance, the property may be appraised in the manner it was acquired. In certain cases, involving the assembly of multiple ownerships for purchase by the United States, special instructions to the appraiser may apply. These instructions will be listed in the Assumptions and Limiting conditions section of the appraisal.

15.22a - Appraisal Instructions

Non-Federal ownerships being assembled for purchase must be valued based upon the values of the separate ownerships as though they were being conveyed in individual larger parcel transactions. If the larger parcel of a single ownership is comprised of two or more parcels, it must not be valued based upon the sum of the individual parcel values as separate transactions, but as it contributes to the total value of the larger parcel ownership. The appraiser shall prepare individual appraisals of each ownership that will be assembled for purchase by the United States. Each individual appraisal may be included in a single appraisal report if authorized by the assigned staff review appraiser. The sum of the individual non-Federal ownership market values must be the value of the assembled non-Federal property.

15.3 - Direct Conveyances

If Federal lands will be conveyed into private ownership using separate conveyance documents (patents or deeds), the contributory value of the property described in each conveyance will be

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identified in the appraisal or review. The sum of the contributory values of the Federal parcel must be equal to the value of the Federal lands for the transaction.

15.4 - Phased Closings

Phased closings occur when the entire transaction cannot be closed in a single action. Phased closings may be used in either assembled exchanges, exchanges that are not assembled, or purchases. A Land Exchange Agreement, Option to Purchase, or other appropriate document must be used in cases where phased closings will occur and should accommodate phased closings by specifying the legal descriptions of property to be conveyed or acquired in each phase and by ensuring that values are equalized in each phase for exchanges. The staff review appraiser assigned to the case shall determine the allocation of approved values for each phase. No appraisal updates will be necessary for later phases since values will be contractually established in the Land Exchange Agreement, Option to Purchase, or other appropriate document.

15.5 - Multiple Case Acquisitions

In some situations, it may be necessary to use more than one case to acquire a large property and may involve one or more land exchanges in combination with purchase and/or Small Tracts Act cases. The maximum timeframe for multiple case acquisition projects should not exceed 4 years, with shorter timeframes preferred. It is inappropriate to include any provision in the Exchange Agreement, Option to Purchase, or other appropriate document, to pay interest in these cases.

In multiple case acquisitions, the non-Federal property must be appraised following the larger parcel requirements as outlined by the Uniform Appraisal Standards for Federal Land Acquisitions 2016, 1.2.7.3.1. If the non-Federal property is one larger parcel, the appraiser shall determine the contributory value of every acre (or other unit of measure) to the whole property value. There may be several classes of contributory values whose sum equals the approved appraised value of the whole property. The contributory values, as well as the whole property value, must be approved by the assigned staff review appraiser in the initial appraisal review report before these values can be used. If the non-Federal property has multiple larger parcels, their independent values, and the influence of exposing multiple larger parcels to the market at one time must be evaluated in the appraisal. For each individual case used to acquire a portion of the non-Federal property, the assigned staff review appraiser shall prepare a supplemental review report that references the original review that approved the contributory values to the whole or the values each independent larger parcel. The staff review appraiser shall apply the appropriate values to the non-Federal property being acquired in each individual case.

If a substantial amount of time elapses between acquisitions, the appraisal of the non-Federal property may be updated, as appropriate, to reflect market changes. The estate appraised in the original appraisal cannot be changed in updates of that appraisal and may require the use

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of a hypothetical condition that lands transferred in prior phases are still under the same ownership as originally appraised.

Regardless of the amount of non-Federal property acquired (or values fixed for individual cases), any update or reappraisal must provide an opinion of value of the original whole property and assign updated contributory values for all components of the whole property. If there are multiple larger parcels, each larger parcel must be reappraised to reflect the updated values. This procedure eliminates any price/size effects of acquiring the whole property in multiple transactions or the effects of an artificial subdivision of the whole.

A Land Exchange Agreement, Option to Purchase, or other appropriate document may fix individual case values approved in supplemental reviews.

15.6 - Competitive Conveyances and Exchanges

When a public determination is made to offer a property for conveyance by exchange or sale under Forest Service conveyance authorities, it may be appropriate to offer the Federal property competitively. The process for conveyance by exchange is described in FSH 5409.13, Chapter 30. Valuation advice for competitive conveyances, including exchanges, may be documented in an appraisal consulting report or an appraisal report. An appraisal report or other market information pertaining to the Federal lands considered for conveyance through a competitive process shall be evaluated by the assigned staff review appraiser. No technical appraisal review report should be prepared at that time.

The assigned staff review appraiser shall consult with the Authorized Officer to determine the suggested opening bid if offered by competitive auction. The final bid price shall be evaluated by the assigned staff review appraiser to determine if it reflects market value. If the final bid price does not represent market value, the Regional Appraiser shall analyze the offers in the context of the valuation advice provided and make a written recommendation to the authorized officer to either accept or reject the offer. If a decision is made to convert a competitive conveyance to a direct sale without exposure to the marketplace and solicitation of bids, a revised Sale Implementation Strategy must be prepared and submitted for review. Upon approval, normal Forest Service appraisal and review procedures will be used.

15.7 - Approximately Equal Value

The Federal Land Exchange Facilitation Act (FLEFA) of 1988 (102 stat. 1089) § 3(h) (1), provides for approximately equal value land exchanges without formal appraisals of the Federal and non-Federal lands. To use this provision for a land exchange, the value of the Federal lands cannot be more than $150,000 and the Authorized Officer shall determine that the exchange is in the public interest and that utilizing this provision will expedite closing of the transaction.

In addition, the Small Tracts Act provides for no appraisal of either the Federal or non-Federal land is needed in a Small Tracts Act proposal when the conditions cited at Title 36, Code of Federal Regulations, § 254.42(a) (36 CFR 254.42(a)) are met. Statements of Approximately

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Equal Value do not contain values for the Federal and non-Federal lands but document that certain physical attributes of the Federal and non-Federal lands are similar in nature and are approximately equal in value.

State-certified appraisers cannot sign Statements of Approximately Equal Value since these documents do not comply with the Uniform Standards of Professional Appraisal Practice (USPAP). Consequently, Statements of Approximately Equal Value are not appraisals and are authorized for FLEFA exchanges. The Statement of Approximately Equal Value must be completed by delegated qualified individuals (non-appraisers) under the supervision and authorization of the Regional Appraiser. However, State-certified appraisers may be utilized to assist the Authorized Officer in making the approximately equal value determination for qualifying land exchanges.

16 - Exhibits - Requests for Appraisal Services

1. Exhibit 01. Request for Appraisal Services for Land Purchase (Case name), is a sample template requesting appraisal services for purchase cases.

2. Exhibit 02. Request for Appraisal Services for Land Exchange (Case name), is a sample template requesting appraisal services for land exchanges.

3. Exhibit 03. Request for Appraisal Services for Small Tracts Act Case (Case name), is a sample template requesting appraisal services for a Small Tracts Act case.

4. Exhibit 04. Request for Appraisal for Special Uses (Case name), is a sample template requesting appraisal services for a special use fee.

5. Exhibit 05. Request for Appraisal Services for Rights-of-Way (Case name), is a sample template requesting appraisal services for a right-of-way.

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

16 - Exhibit 01

Template - Request for Appraisal Services (RFAS) for Purchase Cases
(Modify to meet Regional requirements)

File Code: 5410/5420 Date:
Route To:

Subject: Request for Appraisal Services for Land Purchase (Case name)

To: Regional Appraiser

I would like to request an appraisal(s) in accordance with Forest Service Manual 5410.71, paragraph 2. This case will hereafter be referred to under file designation 5420 and identified by the following official case name: ____ Land Purchase.

☐ The __ will pay ☐ all or _% of the cost of the appraisal. The job code is ____ and the override code is ____. *If more than one party is involved, be sure to list the parties and their percentages*.(Provide a brief summary of the case).

LANDOWNER'S NAME(S), ADDRESS(ES), AND TELEPHONE NUMBER(S):

____

____

____

____

SUPPORT DOCUMENT CHECKLIST: All support documents are located on the FS Pinyon cloud storage (provide hyperlink to Pinyon folder here). *The following documents must be enclosed. If a document is not applicable in this case, state why*.

☐ A copy of the informal offer letter signed by the landowner containing:

☐ The full legal description of the non-Federal land.

☐ Permission for the appraiser to enter upon and appraise the property.

☐ The landowner should indicate if they do/do not wish to accompany the appraiser.

☐ The full legal name of the landowner(s) and, if married, that of the spouse(s).

☐ Any outstanding rights, not of record, of which the landowner has knowledge. *List grazing leases or permits, mineral leases, timber sale contracts, and so forth*.

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

☐ Any reservations proposed by the landowner.

☐ Improvements located on the property to be appraised. *List buildings, sewer systems, utilities, and so forth. Describe their disposition if the proposed transaction occurs. Note any trespasses. Include recent photos of the improvements along with dimensions, age, and condition of each structure. Do they go with the offer? Are they owned by the landowner? Are they occupied by the owner or tenant?*

☐ A Preliminary Title Commitment for the non-Federal property, with a copy of all applicable encumbrance documents listed on Schedule B of the Commitment including the deed vesting title to the current owner(s). *The Preliminary Title Commitment should be no older than 6 months prior to the date of the appraisal request letter. Also, include written plans to mitigate the encumbrances that may hinder conveyance.*

☐ Statement of mineral and water rights and proposed disposition or use of both.

☐ Two original colored Forest maps showing the property to be appraised, the landownership in the neighborhood, and the nearest community. *Include a legend with each map. The legend shall contain the forest name; case name; township, range, and section(s); north arrow; scale; name or initials of preparer; and date prepared. Do not include acreage on the map.*

☐ Two original secondary base series maps (1 to 24,000 Quad maps or topographic maps or aerial maps), outlining the property to be appraised. *Include a legend with each map containing all of the information mentioned above, including the Quad name.*

☐ Land Description Verification Form, Non-Federal Land, FS-5400-40.

☐ Certificate of Inspection and Possession, Form FS-5400-28 or Form FS-5400-37. *List all of the physical evidence of actual use and occupancy on the non-Federal land.*

☐ Worksheet 2 of the Land Transaction Screening Process. *All other worksheets should be provided to the review appraiser as soon as possible.*

☐ Case background and controversies expected. *Include a brief history of case negotiations including third-party involvement. Inform the appraiser if there are any controversies to be aware of. Will the appraiser have any trouble accessing the land? Could there be trouble while inspecting the property or doing research? Note any public and political opinions regarding the case.*

☐ Property Information. *Include directions on how to get to the property, as well as, the physical condition of the access, that is, type of road, trail, or no improved access. Describe the legal access from a public road.*

☐ Intended Users. *Identify all intended users of the appraisal report.*

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

I understand the Regional Appraiser will assign this appraisal request based on the requirements in FSM 5410.42c, 5410.6, and 5410.62. I request that all appraisal work be completed no later than: ____. Should you need additional information, please contact ____ of ____ at ____.

_____

(Name)

Forest Supervisor

Enclosures

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

16 - Exhibit 02

Template - Request for Appraisal Services (RFAS) for Land Exchanges
(Modify to meet Regional requirements)

File Code: 5410/5430 Date:
Route To:

Subject: Request for Appraisal Services for Land Exchange (Case name)

To: Regional Appraiser

I would like to request an ☐ appraisal or ☐ valuation consultation in accordance with Forest Service Manual 5410.71, paragraph 2. This case will hereafter be referred to under file designation 5430 and identified by the following official case name: ____ Land Exchange.

☐ The __ will pay ☐ all or _% of the cost of the appraisal. The job code is ____ and the override code is ____.

☐ A Collection Agreement has been set up so that the proponent will pay _ % of the appraisal fee. The job code is ____ and the override code is ____.

(Provide a brief summary of the case).

PROPONENT'S NAME(S), ADDRESS(ES), AND TELEPHONE NUMBER(S):

____

____

____

____

SUPPORT DOCUMENT CHECKLIST: All support documents are located on the FS Pinyon cloud storage (provide hyperlink to Pinyon folder here). *The following documents must be enclosed. If a document is not applicable in this case, state why.*

☐ Agreement to Initiate (ATI). *When requesting a valuation consultation, include a draft copy of the ATI. When requesting an appraisal, include a signed copy of the ATI, including all exhibits.*

☐ Permission to enter non-Federal land. If not covered in ATI, include a copy of the written authorization – signed by the non-Federal owner or representative to enter and conduct site investigation.

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

☐ Feasibility Analysis Report. *A Feasibility Analysis Report shall be included if this request is for an appraisal. A Request for Appraisal consultation prior to completion of the Feasibility Analysis may also be submitted with this form.*

☐ Water Rights Analysis Report. *If water rights are to be acquired or disposed of, include a Water Rights Analysis Report. Include all documents pertaining to any water rights being deeded.*

☐ Federal Land Status Report Summary for the Federal property. *Include copies of encumbrances which include, but are not limited to: special use authorizations, easements, mining claims, withdrawals, grazing obligations, occupancy trespass, FERC permits, or licenses requiring a "waiver." Also provide disposition information such as whether authorizations will be replaced by easements, whether mining claims will be contested, or how trespass will be resolved. An accompanying encumbrance map(s) is recommended.*

☐ Preliminary Title Commitment for non-Federal property, with a copy of all applicable encumbrance documents as listed on Schedule B of the Commitment including the deed vesting title to the current owner(s). *The Preliminary Title Commitment should be no older than 6 months prior to the date of the appraisal request letter. Also, include plans to mitigate the encumbrances that may hinder conveyance.*

☐ Land Description Verification Forms, Non-Federal Land, FS-5400-40 and Federal Land, FS-5400-41.

☐ Statement of mineral estate ownership and proposed disposition. *Include potential of mineral presence and development potential, include any negative declarations.*

☐ Water Rights, Floodplains and Wetlands Statement.

☐ Environmental Site Assessment.

☐ Land Status Report for both the Federal and non-Federal lands. *Include copies of encumbrances. Encumbrances include but are not limited to: special use permits, other easements, mining claims, withdrawals, grazing obligations, occupancy trespass, FERC permits, or licenses requiring a "waiver."*

☐ Two original colored Forest maps showing the property to be appraised, the landownership in the neighborhood, and the nearest community. *Include a legend with each map. The legend shall contain the forest name; case name; and township, range, and section(s); north arrow; scale; name or initials of preparer; and date prepared. Do not include acreage on the map.*

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

☐ Two original secondary base series maps (1 to 24,000 Quad maps, topographic maps, or aerial maps), outlining the property to be appraised. *Include a legend with each map containing all of the information as mentioned above including the Quad name.*

☐ Certificate of Inspection and Possession, Form FS-5400-28, FS-5400-37. *List all of the physical evidence of actual use and occupancy on the non-Federal land.*

☐ Reports and/or letters of clearance concerning any resource that has significant presence on the property to be appraised. *Include all specialist reports such as Wetland(s) and*

Floodplain(s) Report, Minerals Report, Hazardous Materials Report(s), Biological Evaluation, T&E, Heritage Report, and any other resource reports that are likely to influence value.

☐ Improvements located on the property to be appraised. *List buildings, sewer systems, utilities, and so forth. Describe their disposition if the proposed transaction occurs. Note any trespasses. Include recent photos of the improvements along with the dimensions, age, and condition of each structure.*

☐ Case background and controversies expected. *Include a brief history of case negotiations including third-party involvement. Inform the appraiser if there are any controversies to be aware of. Will the appraiser have any trouble accessing the land? Could there be trouble while inspecting the property or doing research? Note any public and political opinions regarding the case.*

☐ Intended Users. *List all intended users of the appraisal report.*

☐ Worksheet 2 of the Land Transaction Screening Process. *All other worksheets should be provided to the review appraiser as soon as possible.*

☐ Permission to appraise. *Include a copy of the authorization, signed by the non-Federal property owner, for the appraiser to enter upon and appraise the property, if such authorization is not already included in the ATI.*

☐ Property Information. *Include directions on how to get to the property, as well as, the physical condition of the access, such as type of road, trail, or no improved access. Describe the legal access from a public road.*

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

I understand that the Regional Appraiser will assign this appraisal need based on the requirements in FSM 5410.42c, 5410.6, and 5410.62. I request that all appraisal work be completed no later than: ____. Should you need additional information, please contact ____ of ____ at ____.

_____

(Name)

Forest Supervisor

Enclosures

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16 - Exhibit 03

Template - Request for Appraisal Services (RFAS) for Small Tracts Act Cases
(Modify to meet Regional requirements)

File Code: 5410/5570 Date:
Route To:

Subject: Request for Appraisal Services for Small Tracts Act Case (Case name)

To: Regional Appraiser

I would like to request an appraisal in accordance with Forest Service Manual 5410.71, paragraph 2 This case will hereafter be referred to under file designation 5570 and identified by the following official case name: ____ Small Tracts Act, Case # ____.

☐ A Collection Agreement has been established obligating the applicant to pay the appraisal fee. The job code will be ____ and the override code is ____.

(Provide a brief summary of the case).

APPLICANT'S NAME, ADDRESS, AND TELEPHONE NUMBER:

____

____

____

____

SUPPORT DOCUMENT CHECKLIST: All support documents are located on the FS Pinyon cloud storage (provide hyperlink to Pinyon folder here). *The following documents must be enclosed. If a document is not applicable in this case state why.*

☐ Eligibility Determination. *Include a signed copy of the Applicant Eligibility Determination and the Tract Eligibility Deterrmination.*

☐ Land Description Verification Form, Federal Land, FS-5400-41.

☐ Land Status Report. *Include copies of encumbrances. Encumbrances include but are not limited to: special use permits, other easements, mining claims, withdrawals, grazing obligations, occupancy trespass, FERC permits, or licenses requiring "waiver."*

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

☐ Two original colored Forest maps showing the property to be appraised, the landownership in the neighborhood, and the nearest communit. *Include a legend with each map. The legend shall contain the forest name; case name; and township, range, and section(s); north arrow; scale; name or initials of preparer; and date prepared. Do not include acreage on the map.*

☐ Two original secondary base series maps (1 to 24,000 Quad maps, topographic maps, or aerial maps) outlining the property to be appraised. *Include a legend with each map containing all of the information as mentioned above including the Quad name.*

☐ Reports and/or letters of clearance concerning any resource that has significant presence on the property to be appraised. *Include all specialist reports, such as Water Rights, Wetland(s) and Floodplain(s) Report, Minerals Report, Hazardous Materials Report(s), Biological Evaluation, T&E, Heritage Report, and any other resource reports that are likely to influence value. Provide all available information to expedite the appraisal process.*

☐ Improvements located on the property to be appraised. *List any improvements for example: guzzlers, spring improvements, utilities, buildings, sewer systems, and so forth. Describe their disposition if the proposed transaction occurs.*

☐ Case background and controversies expected. *Include a brief history of case negotiations including third-party involvement. Inform the appraiser if there are any controversies to be aware of. Will the appraiser have any trouble accessing the land? Could there be trouble while inspecting the property or doing research? Note any public and political opinions regarding the case.*

☐ Property Information. *Include directions on how to get to the property, as well as, the physical condition of the access, for example: type of road, trail, or no improved access. Describe the legal access from a public road.*

☐ Property Information. *Include directions on how to get to the property, as well as, the physical condition of the access, for example: type of road, trail, or no improved access. Describe the legal access from a public road.*

☐ Worksheet 2 of the Land Transaction Screening Process. *All other worksheets should be provided to the review appraiser as soon as possible.*

IF THE CASE IS AN EXCHANGE INCLUDE THE FOLLOWING:

☐ Preliminary Title Commitment for non-Federal property, with a copy of all applicable encumbrance documents as listed on Schedule B of the Commitment. *The Preliminary Title Commitment should be no older than 6 months prior to the date of the appraisal request letter. Also, include plans to mitigate the encumbrances that may hinder conveyance.*

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

16- Exhibit 03--Continued

☐ Certificate of Possession, Form FS-5400-37. *List all of the physical evidence of actual use and occupancy on the non-Federal land.*

☐ Intended Users. *List all intended users of the appraisal report.*

☐ Authorization, signed by the non-Federal property owner, for the appraiser to enter upon and appraise the property.

I understand that the Regional Appraiser will assign this appraisal request based on the requirements in FSM 5410.42c, 5410.6, and 5410.62 . I request that all appraisal work be completed and approved by: ____. Should you need additional information, please contact ____ of ____ at ____.

_____

(Name)

Forest Supervisor

Enclosures

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

16 - Exhibit 04

Template - Request for Appraisal Services (RFAS) for Special Uses
(Modify to meet Regional requirements)

File Code: 5410/2710 Date:
Route To:

Subject: Request for Appraisal Services for Special-Uses (Case Name)

To: Regional Appraiser

I would like to request an appraisal in accordance with Forest Service Manual 5410.71, paragraph 2. This case will hereafter be referred to under file designation 2710 and identified by the following official case name: ____ Special Uses.

The __ will pay ☐ all, or _ % of the cost of the appraisal. The job code is ____ and the override code is ____.

(Provide a brief summary of the case).

PERMITEE'S NAME, ADDRESS, AND TELEPHONE NUMBER:

____

____

____

____

SUPPORT DOCUMENT CHECKLIST: All support documents are located on the FS Pinyon cloud storage (provide hyperlink to Pinyon folder here). *The following documents must be enclosed. If a document is not applicable in this case state why.*

☐ Special Use Authorization. *Include a signed copy of the Special Use Authorization. If not yet authorized, a draft copy is required.*

☐ A current plat, map, or aerial (of a size adequate to show detail) showing all appurtenant features authorized within the permitted area.

☐ A statement of whether the permitted area is designated or correctly identified on the ground.

☐ The size of the permitted area.

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

☐ Two original colored Forest maps showing the property to be appraised, the landownership in the neighborhood, and the nearest community. *Include a legend with each map. The legend shall contain the forest name; case name; and township, range, and section(s); north arrow; scale; name or initials of preparer; and date prepared. Do not include acreage on the map.*

☐ Worksheet 2 of the Land Transaction Screening Process.

☐ Two original secondary base series maps (1 to 24,000 Quad maps, topographic maps, or aerial maps, outlining the property to be appraised. *Include a legend with each map containing all of the information as mentioned above including the Quad name.*

☐ Intended Users. *List all intended users of the appraisal report.*

☐ When requested, an aerial photograph with areas plotted on an overlay.

☐ Road ownership and maintenance, where pertinent, as follows:

☐ Who provided the road to the authorized use?

☐ Who maintains the road(s)?

☐ Are the road(s) on the Forest transportation system? *Include a sketch or map showing which roads are maintained by the Forest Service, which by the county, and which by the permit holder(s).*

☐ List other utilities present (electric power and telephone lines). Who provided the line(s)? Who owns the utilities?

☐ A copy of the special-use permit, if not previously provided.

I understand that the Regional Appraiser will assign this appraisal need based on the requirements in FSM 5410.42c, 5410.6, and 5410.62 . I request that this assignment be completed and approved by: ____. Should you need additional information, please contact ____ of ____ at ____.

_____

(Name)

Forest Supervisor

Enclosures

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

16 - Exhibit 05

Template - Request for Appraisal Services (RFAS) for Rights-of-Way
(Modify to meet Regional requirements)

File Code: 5410/5460 Date:
Route To:

Subject: Request for Appraisal Services for Rights-of-Way (Case name)

To: Regional Appraiser

I would like to request appraisals in accordance with Forest Service Manual 5410.71, paragraph 2. This case will hereafter be referred to under file designation 5460 and identified by the following official case name: ____ Right-of-Way.

The __ will pay ☐ all or _% of the cost of the appraisal. The job code is ____ and the override code is ____.

(Provide a brief summary of the case).

LANDOWNER'S NAME(S), ADDRESS, AND TELEPHONE NUMBER:

____

____

____

____

SUPPORT DOCUMENT CHECKLIST: All support documents are located on the FS Pinyon cloud storage (provide hyperlink to Pinyon folder here). *The following documents must be enclosed. If a document is not applicable in this case state why.*

☐ Current title commitment covering the total contiguous ownership.

☐ Legal size survey plats in 3 legible copies. The location of existing structures (*fences, irrigation ditches, culverts, cattleguards, bridges, utilities, buildings, and so forth*) must be shown.

☐ Authorization, signed by the property owner, for the appraiser to enter and appraise the property.

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

☐ Two original colored Forest maps showing the property to be appraised, the landownership in the neighborhood, and the nearest community. *Include a legend with each map. The legend shall contain the forest name; case name; and township, range, and section(s); north arrow; scale; name or initials of preparer; and date prepared. Do not include acreage on the map.*

☐ Intended Users. *List all intended users of the appraisal report.*

☐ Two original secondary base series maps (1 to 24,000 Quad maps, topographic, or aerial maps), outlining the property to be appraised. *Include a legend with each map containing all of the information as mentioned above including the Quad name.*

☐ Worksheet 2 of the Land Transaction Screening Process.

☐ An original and two copies of information about existing roads or trails that show:

☐ Construction standard. *Is it paved, gravel, or earth? Is it graded and drained? What is the average travelway width? What is the design speed (for roads)? What are the maximum cut and fill widths? Are there any appurtenant improvements outside the normal right-of-way width?*

☐ Who built the road, owns the road, and maintains the road?

☐ Other easements within the right-of-way and other persons with an interest in the road.

☐ Describe any improvement plans for the road/trail and furnish three copies of the road construction, betterment, alignment, or reconstruction plans.

☐ Draft easement deed(s).

☐ Any known reservations, easements, and so forth, proposed by the landowner.

I understand the Regional Appraiser will assign this appraisal based on the requirements in FSM 5410.42c, 5410.6, and 5410.62. I request that this appraisal be completed and approved no later than: ____. Should you need additional information, please contact ____ of ____ at ____.

_____

(Name)
Forest Supervisor
Enclosures

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