



## Guidelines for Land Acquisition Appraisals

Oregon Watershed Enhancement Board  
775 Summer Street NE, Suite 360  
Salem, Oregon 97301-1290  
(503) 986-0178

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If OWEB requests due diligence materials for a land acquisition project submitted for grant funding, the grant applicant shall submit an appraisal consistent with OAR 695-045-0120(2)(d), which specifies:

*A fair market value appraisal of the property interest to be acquired, completed within 12 months prior to submittal of the application to OWEB, in a Self-Contained Appraisal Report form. Self-Contained Appraisal Report form is defined in the Uniform Standards of Professional Appraisal Practice (USPAP) 2010-2011 Edition as amended on January 1, 2010, and approved and adopted by the Appraisal Standards Board of the Appraisal Foundation, or the current approved and adopted USPAP edition if the standards have been updated. Summary and Restricted Use appraisal reports will not be accepted. Summary and Restricted Use appraisal reports are defined in the USPAP 2010-2011 Edition, or the current approved and adopted USPAP edition if the standards have been updated. The appraisal must be prepared by an independent State Certified General Appraiser, as defined by OAR 161-002-0000, who is experienced in appraisals of such properties.*

Following are guidelines intended to assist you with obtaining appraisals that meet requirements for OWEB-funded acquisition projects.

### **Before Choosing an Appraiser**

You need to be able to answer basic questions about the property's characteristics and the property rights to be appraised. OWEB's Appraisal Worksheet, online at [http://www.oregon.gov/OWEB/GRANTS/acquisition\\_grants.shtml](http://www.oregon.gov/OWEB/GRANTS/acquisition_grants.shtml), is designed to help you do this. OWEB's worksheet is modeled on the Department Of Interior's Appraisal Request Worksheet and provides important information regarding OWEB's requirements for valuing particular aspects of land (e.g. merchantable timber, mineral estates, and water rights). Although use of OWEB's worksheet is not mandatory, it is highly recommended because it will help you define the appraisal assignment and enable the appraiser to give you an accurate bid for the work to be done. Use of the worksheet will also help prevent misunderstandings or oversights later in the appraisal process. Your appraiser will appreciate having a well-organized client who has already researched and defined the basic information needed to begin the appraisal assignment.

Before the appraiser begins the appraisal assignment, you must know which appraisal standards will apply to the assignment. The appraisal standards depend on which funding you intend to use for your project. If only OWEB and private funds will be used for the purchase, the appraisal should be written to meet the current Uniform Standards of Professional Appraisal Practice (USPAP Standards) which are updated every even year. If, however, you plan to match OWEB funds with

federal funds, remember that most, but not all, federal programs require a Yellow Book appraisal, written to meet the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA). The latest edition of UASFLA was published in 2001. Check the rules for the federal program you intend to use.

### **Appraisals for Partial Acquisitions: Special Considerations**

A partial acquisition means acquiring only a portion of a property, or a portion of the property rights (i.e., a conservation easement). You should be aware that a partial acquisition typically requires a “Before and After” appraisal. A “Before and After” appraisal values the entire property before and after acquisition. The “After” amount is then subtracted from the “Before” amount to reach an amount for the property being purchased. “Before and After” appraisals are often more complex and time-consuming than normal appraisals.

### **Choosing an Appraiser**

Once you are ready to select an appraiser, you can consult the following sources:

- Appraisal Institute at <http://www.appraisalinstitute.org/>
- OWEB’s acquisitions staff. The staff will facilitate your contact with OWEB’s review appraiser, who can provide names of appraisers who are experienced in the appraisal of rural properties. OWEB’s review appraiser will not recommend a specific appraiser.
- The Coalition of Oregon Land Trusts (COLT). Contact: Joe Moll. Phone: 541-345-2799. Email: [jmoll@mckenzieiver.org](mailto:jmoll@mckenzieiver.org)
- American Society of Farm Managers and Rural Appraisers (ASFMRA) at <http://www.asfmra.org/>
- Northwest Farm Credit Services at <http://www.farm-credit.com/>

Be sure to find qualified candidates by asking potential appraisers the following questions:

1. Are you licensed by the State of Oregon? Check the Oregon Appraiser Certification and Licensure Board at <http://oregonaclb.org> or call 503-485-2555. The Board can tell you if a licensed appraiser is the subject of any complaints or disciplinary actions.
2. What is your experience with writing conservation appraisals? Ask the appraiser to be specific, listing clients, dates, and assignments. The more recent the experience, the better.
3. If you are contemplating a partial acquisition (discussed above), ask whether the appraiser has experience with “Before and After” appraisals. If you require a “Before and After” appraisal for a conservation easement, the appraiser should have taken at least one conservation easement appraisal course in the last five years, and be willing to provide a copy of the certificate of completion for the course. The appraiser should also have direct experience with at least three conservation easement appraisals.
4. If federal funds will be used for the property purchase and applicable federal rules require a Yellow Book appraisal, ask whether the appraiser has experience with such appraisals. Ask the appraiser to be specific, listing clients, dates, and assignments. The more recent the experience, the better. Also, the appraiser should have taken a Yellow Book appraisal course within the last five years, and be willing to provide a copy of the certificate of completion for the course.

**Important Items to Remember:**

1. OWEB encourages you and your appraiser to talk with OWEB's review appraiser before starting appraisals, to answer any questions the parties have. Contact OWEB's acquisitions staff if you are interested.
2. The appraisal must be in Self-Contained Appraisal Report form. OWEB cannot and will not accept appraisals in any other form.
3. The appraisal must include a copy of the engagement letter and any supplemental assignment instructions.
4. If OWEB approves funding for the grant application, OWEB's director may require the appraisal to be updated before the transaction closing if:
  - a. OWEB's review appraiser determines that changes in market conditions, as evidenced by market sales and real market value information, require an update of the appraisal; or
  - b. The valuation date of the appraisal is more than 18 months prior to the transaction closing date or the date you and the seller commit to transfer the property at a certain price.

OWEB will inform you in writing that an update is required and the reasons for the update, and if applicable, include a written determination from OWEB's review appraiser.