



N.C. Department of Agriculture & Consumer Services

N.C. ADFP Trust Fund

Appraisal Checklist



Certified Development Rights Appraisals ("Appraisals") will only be accepted and approved by the Agricultural Development and Farmland Preservation Trust Fund (ADFPTF) if the following qualifications are met and documentation of such is provided in the appraisal.

1. The acres used to determine the easement value in the appraisal must be equal to the acres in the survey of the conservation easement area. A survey of the property must be included in the appraisal.
2. A qualified appraisal and appraiser must meet the definitions of such set forth in U.S. Public Law 109-280 (<https://www.govinfo.gov/content/pkg/PLAW-109publ280/html/PLAW-109publ280.htm>). In addition, the appraiser must provide documentation of completion of a valuation of conservation easements or eminent domain appraisal course and be familiar with conducting appraisals of rural and agricultural properties of the requested type.
3. The ADFPTF does not pay for property appraisals. The eligible entity (Grantee of the ADFPTF easement) must order the appraisal and be identified as the client. The landowner may not be the client but may be listed as an intended user.
4. Based on the funding partnerships, the following types of appraisals shall be used to determine the effect of the conservation easement on the subject property:
 - a. ADFPTF as the sole funding source:
 - i. Uniform Standards of Professional Appraisal Practice (USPAP)
 - ii. Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA or "Yellow Book") appraisal
 - b. USDA NRCS partnership projects:
 - i. Uniform Standards of Professional Appraisal Practice (USPAP)
 - ii. Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA or "Yellow Book") appraisal
 - c. Military partnership projects:
 - i. Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA or "Yellow Book") appraisal
5. Final conservation easement values must be determined by a Certified Development Rights Appraisal dated within the contract period and dated less than 365 days prior to closing. Supplemental appraisals, updated opinion letters, or reaffirmation letters by the appraiser for the original appraisal are acceptable if a closing occurs 365 days after issuance of the Certified Development Rights Appraisal, provided the appraiser certifies the land value with an updated effective date of valuation.
6. For the purposes of updating the values of the conservation easements for the federal permanent conservation easement tax incentive, supplemental appraisals, updated opinion letters, or reaffirmation letters by the appraiser for the original appraisal may be submitted within 60 to 32 days before a potential closing date pending the approval of all

funding partners. All other deliverables must be approved if submitting an update. No appraisals, supplemental appraisals, updated opinion letters, or reaffirmation letters by the appraiser for the original appraisal will be accepted 30 days before a potential closing date or end of a contract. ***Please note: the N.C. Department of Agriculture and Consumer Services does not provide tax or legal advice to entities or individuals. Before considering a supplemental appraisal, updated opinion letter, or reaffirmation letter by the appraiser for the original appraisal within 60 of the potential closing, consult with your appraiser and tax or legal advisors.***

7. The appraiser must prepare two opinions of the value of the subject property: one before placement of the conservation easement and the second after placement of the conservation easement. The after condition or second value will be based upon a hypothetical condition that the conservation easement is in place and the effects on the value that may be created. The difference in the two values is the proposed conservation easement's effect on the property's value.
8. The property rights, such as mineral, water, timber, and hunting, must be owned in fee simple terms by the current landowners. Surface rights, such as structures, barns, hay sheds, fencing, orchards, or other plantings, and any irrigation water rights, including but not limited to wells, ditches, ponds, and lakes that provide irrigation on the subject property and are legally permitted, may be appraised. Crop base and allotments, including other plantings on the subject property, may be appraised and included in any valuations.
9. The highest and best use conclusion must be supported by market evidence. A noneconomic highest and best use, such as "forever wild" or "natural lands," or any use that requires the property to be withheld from economic production in perpetuity, is not a valid use upon which to base an estimate of market value. Nearby transactions comparable to the land under appraisal and reasonably current may provide the best evidence of market value.
10. Every effort must be made to provide comparable conservation easement encumbered sales. A sales adjustment chart that summarizes the adjustments, shows the final adjusted sale price, and how the sales compare with the subject property is required. Market evidence and supporting narrative shall be provided for each adjustment used.
11. The contract appraiser must be aware that all appraisal reports completed for ADFPTF grants will be used by staff who will rely on the details in the report to understand the property and market characteristics. The appraisal report must include the level of detail necessary to thoroughly explain and support the property description, highest and best use analysis, market characteristics, adjustment process, and all conclusions so that all users have an adequate understanding of the statements, opinions, and conclusions offered within the report.