

CONVERTING YOUR CONVENTIONAL APPRAISAL TO MEET RURAL APPRAISAL REQUIREMENTS

In most instances a standard uniform residential appraisal report is adequate for rural lending transactions so long as it values the property as a single unit and includes comps with similar acreage and improvements. There are some additional forms that are always needed, some that are needed in certain circumstances and some additional steps that must be taken by the appraiser when the property has certain characteristics. This checklist is designed to help you identify those situations.

REQUIRED FORMS:

1. Environmental Survey – This form is to be completed by the seller of the property, if applicable, or by the borrower, in a refinance transaction, then signed by the appraiser, acknowledging that he/she did not see anything different than what is disclosed on the form, and returned with the appraisal report. Any potential liabilities associated with hazardous waste or other environmental concerns are to be disclosed. Please sign the appraiser certification and include this form as addendum to the appraisal report.
2. Property Value Allocation – This form is to be completed to reflect the allocation of the estimated contributory value of the primary property components to the total value conclusion. This allocation should be completed after the total value conclusion is determined.
3. Engagement Letter – This is an CGB/AFS form and is required for all loans. The one page engagement letter is supplemented by the Appraisal Guidelines that provide the appraiser with additional detail relating to the requirements of the engagement letter. We strongly encourage you to provide the appraiser with a complete copy of those guidelines.
4. Property Qualification Certification (CGB/AFS Form 191) – This form is used to establish the dwelling value for loans eligible for the rural home loan program. It is only required for rural home loans, not for land loans or part-time farm loans. Directions for completing the form are contained in the form.

OPTIONAL FORMS:

1. Excess Land Addenda – This form is NOT REQUIRED, but may be used to assist you in valuing the excess land in those situations where comps with similar acreage are not available.
2. Excess Improvements Addenda – This form is NOT REQUIRED but may be used to assist you in valuing excess improvements such as outbuildings, guest houses, horse barns or arenas.

WHEN THE FOLLOWING CONDITIONS EXIST THEN THE APPRAISER SHOULD TAKE THE INDICATED ACTION:

CONDITION	ACTION
Subject property has outbuildings or other improvements (excess improvements) that are unique or have more than normal contributory value such as horse barns and indoor riding arenas.	Provide comps with similar improvements or complete the Excess Improvements Addenda providing the necessary comps and explain in detail how the contributory value of the excess improvements are supported.
Subject property has excess acreage that is more than what is typical for the area and the appraiser is not able to support the value with comps that have both similar acreage and improvements.	Complete the Excess Land Addenda providing comps that may be bare land comps of similar acreage or comps that do not have similar improvements but do have similar acreage (improvements value must be backed out). When using the Excess Land Addenda the value of the subject property, as a whole, must be reconciled.
The subject property has irrigation equipment, water rights and/or irrigated crop land.	The appraiser must address the existence of these characteristics in the report including the # of acres irrigated, type of irrigation equipment (including make, model and serial number of any equipment) and source and quantity of water rights. Additionally, the appraiser should explain how the comps relate to the subject in terms of acres irrigated, type of irrigation and water rights.
The subject property has permanent plantings such as vines or fruit/nut trees.	The appraiser must address the type and extent of permanent plantings and its impact on the overall operation as well as the age and expected economic life of the plantings. Additionally, the appraiser should address these same characteristics as relates to comps used in valuing these features.
The subject property has specialized facilities such as poultry buildings, hog buildings or dairy improvements.	The appraiser must address the nature of the specialized improvements, types of livestock and extent of any farming or ranching activity taking place on the subject.