



(Rev 1/2011)

# Department of Agriculture, Trade and Consumer Protection

## Permanent Agricultural Conservation Easements (PACE)

### Appraisal Instructions for Cooperating Entities

(Note: this is a companion document to DATCP's *Easement Appraisal Report Guidelines*)

Cost share funds awarded by DATCP for the acquisition of easements under the Permanent Agricultural Conservation Easement (PACE) program are based on appraised value (s. 93.73, Wis. Stats.). An appraisal establishes an opinion of value based upon a factual analysis, and provides an objective, independent estimate of the fair market value of a property or an interest in property such as a conservation easement.

The entire appraisal process is detailed and can be lengthy. It includes choosing a qualified appraiser, contracting for the appraisal, and collecting information the appraiser needs to do the job. Then, after the appraisal is complete, it will be reviewed by a DATCP review appraiser, who frequently needs additional information from your appraiser before the appraisal can be approved for cost share purposes.

#### **Timing of the Appraisal**

Timing is a critical factor when ordering an appraisal. It can take several months for an appraisal to be completed and reviewed. For these reasons, we recommend that you order the appraisal as early in the easement acquisition process as feasible. Please note, however, that the appraiser will need, at a minimum, the final draft of the proposed agricultural conservation easement before beginning the appraisal.

In an easement appraisal, the value of the easement is based on the rights being conveyed by the landowner to the easement holders. If changes are made in the easement after an appraisal is complete, the value of the easement could change. You would then need to request an update to the appraisal, which may cost more, slow down the acquisition process and add confusion to an already complex process.

#### **Effective Date of the Appraisal**

While there may be some flexibility as to when a cooperating entity orders an appraisal, the date of the actual valuation must be within one year prior to the date of purchase. If the appraisal is more than a year old, contact the appraiser for an update.

#### **Appraisal Purpose, Client and Intended User**

DATCP cannot accept an appraisal that has been commissioned by the seller of the easement. Rather, the appraisal must be commissioned by the Cooperating Entity for the purposes of establishing the fair market value of the easement and to provide the basis for possible cost share through the state PACE program. The appraisal should list the Cooperating Entity as the client. DATCP should be identified as an intended user of the appraisal.

#### **Number of Appraisals Required**

In most cases, one appraisal is required for an easement valued below \$350,000. Under s. 93.73, Wis. Stats., DATCP must order a second appraisal for easements valued at over \$350,000.

## Steps to Ensure an Acceptable Appraisal

All appraisals must comply with established DATCP standards. These standards are explained in detail in DATCP's *Easement Appraisal Report Guidelines*, which is available on the DATCP website. DATCP will only accept appraisals that conform to these standards, and will not share the cost of a sub-standard appraisal. For these reasons, we recommend that you follow the procedures listed below. Failure to do so may result in an appraisal that cannot be accepted, forcing you to contract for another appraisal that meets the requirements.

1. Contact the PACE Program Manager to discuss the appraisal assignment BEFORE commissioning an appraisal. Depending on your situation, the PACE Program Manager may ask you to contact the DATCP review appraiser before hiring a qualified appraiser.
2. Obtain quotes from several qualified appraisers, as the cost can vary significantly.
3. Choose a qualified appraiser. All appraisals must be done by a Certified General Appraiser, as described in Chapter 458 of the Wisconsin Statutes. Choose an appraiser who:
  - Is familiar with the DATCP *Easement Appraisal Report Guidelines* or with the DNR's *Real Estate Contract and Appraisal Report Guidelines*
  - Has completed a course on appraising conservation easements or has demonstrated experience writing conservation easement appraisals
  - Has completed acceptable work in public land acquisition
  - Is familiar with the local real estate market

The PACE Program Manager can provide you with a list of appraisers, but know that being on this list does not constitute a recommendation. Check with other cooperating entities for appraiser referrals.

4. Indicate to the appraiser that the appraisal must meet DATCP standards before final payment can be made. It is important that you receive assurance from the appraiser that she/he is willing to fully cooperate with the DATCP review appraiser, and answer any questions they ask within 10 days of the request.
5. Provide the appraiser with a copy of DATCP's most current *Easement Appraisal Report Guidelines*, and request that the appraiser contact the DATCP Program Manager and review appraiser before beginning the assignment. This will avoid time wasted reviewing a sub-standard appraisal, which will delay the easement process.
6. Provide good instructions (see *Easement Appraisal Report Guidelines* for more information). When contracting with an appraiser, it is important to provide good instructions regarding the assignment. Give the appraiser all information needed to do an accurate appraisal of the property. These are some of the major items that must be included:

- a. Name, telephone number and address of the landowner and his or her representative
- b. Location of the property, including county, town, and road
- c. Brief paragraph describing the property and a complete summary of the rights (the easement) to be appraised
- d. Most recent deed, which confirms name of current landowner and provides legal description
- e. Correct legal description for the property being acquired. If it is a partial acquisition (i.e. the easement will not apply to the entire property), provide a description of the entire property as well as the parcel subject to the easement. Provide a legal description for the Agricultural Area and Farmstead Area identified in the conservation easement. (Contact the DATCP PACE Program Manager regarding descriptions of those areas.)
- f. Tax parcel numbers
- g. Maps: aerial photo, plat, survey or Certified Survey Map, if available
- h. Correct or estimated acreage and land cover types
- i. A copy of the final draft of the proposed easement approved by DATCP, and a summary of major conditions
- j. A copy of the Title Search
- k. Current and previous year's tax bill
- l. Existing liens or encumbrances on the property (may be found on the deed and/or title search), including enrollment in any programs such as the Conservation Reserve Program or Managed Forest Law.
- m. Remediation plans, costs, and any deed restrictions related to identified site contamination

**Please read DATCP's *Easement Appraisal Report Guidelines* for further guidance and contact the PACE Program Manager with questions or for additional information.**