

CLIMATE SMART COMMUNITIES LAND ACQUISITION PROJECTS

Standards for Real Property Appraisal

- Appraisals **must** be written in accordance with the most recent publication of the Uniform Standards of Professional Appraisal Practice (USPAP).
- Appraisals **must** be presented as an Appraisal Report, formerly referred to as a Self-Contained Appraisal Report or Narrative Report.
- Appraisals **must** be prepared by a Certified General Appraiser.
- Appraisals **must** list New York State Department of Environmental Conservation (DEC) as an intended user.
- If estimated value is greater than or equal to \$300,000 two appraisals **must** be prepared. Both appraisals need to share the same effective date of value. If a second appraisal is secured at a later date, the second appraisal must be completed with a retrospective date of value which matches that of the first appraisal.
- Appraisal's effective date of value **must not** be older than 1 year from the date of a fully executed contract of sale. If an appraisal report is completed after the sale of the subject property to the applicant, the appraisal must be completed with a retrospective date of value that matches the first appraisal (if one exists) or matches the contract of sale (if there is no pre-existing appraisal, or there is no appraisal within the 1-year period prior to the contract of sale).
- Appraisals **must** adhere to *DEC Guidance for the use of Hypothetical Conditions*
- Failure to adhere to any one of these standards may result in the rejection of the appraisal report.

Guidance for the use of Hypothetical Conditions

Hypothetical Condition

The Uniform Standards of Professional Appraisal Practice (USPAP) defines a hypothetical condition as “*A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.*”

Comment: Hypothetical Conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Before an appraiser can use a hypothetical condition in an appraisal assignment the appraiser has to satisfy all the following conditions as set forth by USPAP:

- Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison, and
- Use of the hypothetical condition results in a credible analysis
- Clearly and conspicuously state all hypothetical conditions
- State that their use might have affected the assignment results

There may be circumstances where appraisers need to use hypothetical conditions in their assignments. If the appraiser determines that hypothetical conditions are necessary, they must contact DEC for prior **written approval**. The appraiser **must** consult with DEC and the client before use of a hypothetical condition in an appraisal report completed for a grant project. DEC may reject an appraisal report if the appraiser delivered the report with a hypothetical condition, which was not previously approved by the client and DEC.