

## CONSERVATION EASEMENT APPRAISAL RED FLAGS

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### RED FLAGS

- ☛ Sales price within past 3 years (required) is substantially lower than appraiser's before value
- ☛ Highest and best use, HBU, is the same before and after
- ☛ Appraisers used DCF (development approach) for before value.
- ☛ Insufficient market data
  - ☛ Absorption Rate
- ☛ Possible Use Vs. Highest and Best Use
  - ☛ Comparable Sales
  - ☛ Lack of approved development plan
  - ☛ Engineering Reports/Estimated
  - ☛ Unsupported Discount Rates
- ☛ Floating Building Envelopes/Outparcels
- ☛ Restrictions are not perpetual
  - ☛ Land Uses
  - ☛ Boundaries
- ☛ Unproven Qualifications of Appraiser and BDR Expert
- ☛ Letter from Land Trust recognizing donation from the tax payer (Contemporaneous Written Acknowledgment)
- ☛ Date of Appraisal
- ☛ Failure to Appraise Larger Parcel
- ☛ Active minerals market but donor does not own the mineral rights
- ☛ The property is mortgaged but the bank has not subordinated the lien
- ☛ Excessive subdivision allowed
- ☛ Retaining "Heart of the Watermelon"
- ☛ "Gray" language in CE document