1. **Client:** DNR is the sole client for all appraisal assignments, regardless of who contracts for or pays for the appraisal.

2. **Appraiser Contact With DNR:** Any appraiser preparing a report for use by DNR is required to contact the DNR Review Appraiser before beginning work, even if he or she is generally pre-qualified on DNR’s list of appraisers. (See #3, Appraiser Qualifications below.) This contact is required so that DNR may approve the appraiser’s training and experience for the specific assignment and so that DNR may issue any supplemental appraisal requirements specific to the assignment. DNR must pre-approve any appraiser who will make a significant contribution to the appraisal in terms of inspection, research, and analyses. Pre-approval of an appraiser does not guarantee that DNR will accept the appraisal, but means that the appraiser appears to be qualified for the assignment in terms of training and experience.

3. **Appraiser Qualifications:** DNR maintains and periodically updates a list of qualified appraisers. The list is available upon request and is available at http://dnr.alaska.gov/mlw/appraise/pdf/genreq.pdf. The list does not constitute a recommendation by DNR, but means an appraiser appears to be qualified to appraise state land, based on DNR’s review of the appraiser’s resume. An appraiser who is not on the list shall submit a resume for DNR approval before beginning work. Only someone who has served as an Appraiser III with DNR, or a General Real Estate Appraiser, certified by the Alaska Board of Real Estate Appraisers, can appraise leases and other partial interests in land. For special projects, DNR may require special training and experience.

   Providing appraisals with latent errors or inadequate contract service performance can result in removal from the approved appraisers list.

4. **When to Begin the Appraisal:** DNR recommends that the Final Finding be complete and the survey be substantially complete before the appraisal process begins. Otherwise, the applicant risks having to pay for amendments to the appraisal or having the appraisal becoming outdated. A survey is substantially complete when the DNR survey unit has reviewed the draft plat and only minor technical corrections are needed for DNR approval of the survey. DNR will not review the appraisal until the Final Finding is complete and the survey is substantially complete.

5. **Appraisal Standards:** All appraisals must be prepared in accordance with these requirements and all applicable Standards in the current edition of Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Foundation. For special projects, DNR may require pre-work conferences and may issue supplemental instructions.

   A self-contained appraisal report is preferred. A summary appraisal report is acceptable if the report contains sufficient information for the reviewer to find that the analyses and conclusions are supported and reasonable. Regardless of the type of report, the scope of work must be clearly described. A restricted use appraisal report is not acceptable. (See USPAP 2012-2013 for a definition of the terms cited in bold.)

6. **Purpose of the Appraisal:** In most cases, the purpose of the appraisal is to estimate the market value of the land, and, in some cases, to estimate annual market rent based on the market rental rate for the land. Contact the DNR Review Appraiser for this information, which is specific to each assignment.
7. **Intended Use and Intended Users of the Appraisal**: DNR will use the appraisal to establish the purchase price or annual rent for state lands. A rent adjustment appraisal may be used to establish the purchase price for a parcel if DNR approves a preference right purchase application subsequent to completion of the appraisal and if the DNR Review Appraiser determines that the appraised value is consistent with market conditions as of the date the preference right purchase is approved. Contact the DNR Review Appraiser for this information, which is specific to each assignment.

8. **Definitions**:

   State land is defined in AS 38.05.965 (20) as “all land, including shore, tide, and submerged land, or resources belonging to or acquired by the state.”

   Appraisals must use the following definition of market value.

   *The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.*

   For the reasons explained below, appraisals using other definitions will be returned for correction.

   Market rent is defined as:

   *The most probable rent that a property should bring in a competitive and open market.*

   Rental rate is defined as:

   *The percentage of market value that a comparable class of private property would bring in the open market with the same conditions of lease as offered by the state.*

9. **Terms of Sale**: Market value must be estimated in terms of seller financing typical for the market. If applicable, specify the terms of typical seller financing for the market in which the subject property is located. DNR will not accept appraisals that apply a downward adjustment to comparable prices with typical seller financing in order to indicate a cash value. DNR offers seller financing, and discounts for cash are prohibited by AS 38.05.065. This is the reason for the market value definition used above, to provide a value based on “precisely revealed terms.”

10. **Property Rights Appraised**: For fee simple purchases, appraise the fee simple estate less mineral rights reserved under AS 38.05.125(a). Appraisals that do not cite this definition will be returned for correction.

    For the appraisal of partial interests, land exchanges, and preference right purchases, the appraiser shall obtain a copy of DNR’s proposed conveyance document, the Preliminary Decision, and the Final Finding statements. These items contain information that affect the rights to be appraised and must be included in the report addenda.

11. **Date of Valuation**: The appraiser shall confirm this date with the DNR Review Appraiser.

12. **Inspection**: The appraiser must make an onsite inspection of each appraised property and comparable. Fly-over inspections are acceptable for remote properties. However, if a valuation error results due to lack of adequate inspection, the appraiser will be required to do an onsite inspection at his or her own expense. DNR may allow

---

exceptions to these inspection requirements, if special conditions warrant. Any exceptions must be authorized in writing by the DNR review appraiser before work begins.

13. **Photographs**: Reports must contain onsite photographs of all appraised properties and comparables that were inspected. Photographs must clearly illustrate the character and quality of the properties and must clearly approximate property corners and boundaries with marks on the photographs or explanatory captions. Low altitude photographs are acceptable if they meet the above criteria. All subject photographs are preferred in a digital format, with the contractor waiving the right to their use in future DNR publications.

14. **Plat or Survey Maps**: The report must contain legible and clearly readable copies, showing the size and dimensions of each parcel appraised. Legible plat notes must also be included.

15. **Key Parcel**: When appraising similar parcels within the same subdivision or neighborhood, a typical or “Key Parcel(s)” valuation method should be used. The key parcel must be identified by legal description and other pertinent factors; its specific site characteristics must be stated, including size, access, utilities, soil conditions, and amenities.

16. **Comparable Sale Data**: Comparable Sale Forms or data sheets are required for all reports, including form reports. Each data sheet must be similar in content to the attached sample with a complete legal description and recording information. If the data on the form is found to be insufficient or inaccurate upon initial technical review, DNR will not review the report until comparable data forms are found to be complete and accurate.

The photograph of the comparable must be attached to the data sheet or facing page and must meet the above standards for photographs. **A comparable sale location map is required**, showing the location of the comparable in relation to the appraised properties and other comparables. A plat, survey map, and/or topographical map for each data sheet are desirable but not required. Photographs are preferred in a digital format, with the contractor waiving the right to their future use in DNR publications.

Whenever possible, all transactions will be verified with a knowledgeable party (grantor, grantee, or broker), either by the appraiser conducting the subject appraisal or by an appraiser who verified the information for another report. Failed efforts to reach knowledgeable parties shall be stated on the Comparable Sale Form.

17. **Data Analysis**: Adjustments made in relating comparable transactions to the subject property must be fully discussed in the narrative and presented in an adjustment table. Adjustments may be quantitative (dollar amounts or percentages) or qualitative (plus/minus, inferior/superior). As the amount of the adjustment increases, the need for factual evidence (e.g. paired sales, data arrays, opinion surveys) increases. If qualitative adjustments are used, the relative weight for each adjustment must be described and supported. The final reconciliation must clearly state which indicators of value are the most reliable and explain how each indicator affects the appraiser’s final conclusion of value. Estimates based solely on the appraiser’s opinion without explanation will be rejected. Estimates based solely on regression analysis or other statistical methods may also be rejected. DNR recommends the appraiser read *Base Adjusting in the Sales Comparison Approach* by Thomas P. Williams, MAI on page 160 of the *Appraisal Journal*, spring 2004.

18. **Leases**: The appraiser shall summarize and fully discuss the subject lease terms and rent adjustment method. For direct rent comparisons, the appraiser must include a comparable lease form, similar in content to a comparable sale form, stating lessor/lessee, location, use, type of lease, rate, rent adjustment method, date of transaction, date of last rent adjustment, special terms and conditions, and physical features. For lease reappraisals, the appraiser shall contact
the lessee and give him or her an opportunity to discuss the appraisal and inspect the property with the appraiser. Contact with the lessee must be briefly described in the report.

19. **Conditions of Sale:** DNR recognizes that the appraisal assignment may involve a limited market. To the extent possible, the appraiser shall use only private transactions for comparables. Valuations based entirely or mostly on DNR transactions are not acceptable, unless there are no other reasonable alternatives. The appraiser must research DNR sales to ensure that they do not include a veteran’s discount. Use of DNR sales that include a veteran’s discount is not acceptable. If it is necessary to use transactions that involve a government agency, use of such transactions is subject to the requirements of Section D-9 of the Uniform Appraisal Standards for Federal Land Acquisitions for the year 2000.

20. **Hazardous Materials:** Unless otherwise directed in writing by DNR, it is an extraordinary assumption that the land is free and clear from hazardous materials.

21. **Report Format:** *Letters of opinion* are not acceptable. The *narrative report* may follow the outline published by the Appraisal Institute. The *form appraisal* may be used only if all of the following guidelines are met:

<table>
<thead>
<tr>
<th>Item</th>
<th>Form Appraisal Outline</th>
<th>7</th>
<th>Land Valuation Form ²</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Letter of Transmittal</td>
<td>8</td>
<td>Explanation of Adjustments</td>
</tr>
<tr>
<td>2</td>
<td>Location Map</td>
<td>9</td>
<td>Comparable Sale Forms</td>
</tr>
<tr>
<td>3</td>
<td>Subject Photographs</td>
<td>10</td>
<td>Scope of the Appraisal</td>
</tr>
<tr>
<td>4</td>
<td>Plat or Survey Map</td>
<td>11</td>
<td>Certification of Value</td>
</tr>
<tr>
<td>5</td>
<td>Highest and Best Use Narrative (optional)</td>
<td>12</td>
<td>Assumptions and Limiting Conditions</td>
</tr>
<tr>
<td>6</td>
<td>Comparable Sales Map</td>
<td>13</td>
<td>Qualifications of Appraiser</td>
</tr>
</tbody>
</table>

**Guidelines for Form Appraisal**

- **a** the title interest appraised is fee simple less mineral rights;
- **b** structural improvements and site improvements are excluded;
- **c** the estimated market value is less than $50,000;
- **d** the only applicable approach to value is the direct sale comparison approach, with a minimum of 3 sales that can be directly compared to the subject;
- **e** there are no complex appraisal problems such as hazardous materials and soil contamination, unusual easements and restrictions, or significant natural hazards; and
- **f** the appraisal does not involve a land exchange.

**The form appraisal must be presented as outlined below. All pages must measure 8½ by 11 inches.**

22. **Required Number of Copies:** The appraiser should provide one hard copy of the report for review by DNR. The appraiser should then provide one hard copy and one PDF copy of the final, reviewed report.

23. **Disclosure:** By law, appraisal reports are public documents that must be made available to the public upon request. Appraisals shall not contain any language that restricts public use. If the report contains use-restricting language, the language will not apply.

24. **Review and Approval:** The DNR review appraiser will review all appraisals for compliance with USPAP and DNR instructions. If an applicant is required to provide the appraisal, he or she should review the report and work out any differences with the appraiser before submitting the report for DNR review. Once the appraisal is submitted, the DNR review appraiser will work directly with the appraiser to obtain any needed clarifications and corrections.

25. **How to Contact the DNR Review Appraiser:**

DNR Review Appraiser Phone: 907-269-8512  
Division of Mining, Land & Water FAX: 907-269-8914  
550 W. 7th Ave., Suite 650 E-mail: kevin.hindmarch@alaska.gov  
Anchorage, AK 99501-3576 Hours: 8AM-4PM

³ FNMA Form 1004B JUL 86 or a form similar in content
## COMPARABLE DATA FORM - EXAMPLE ONLY

### STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

Documentation of market data for sales comparison 1, 2

<table>
<thead>
<tr>
<th>Grantor</th>
<th>Sale Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grantee</td>
<td>Terms</td>
</tr>
<tr>
<td>Sale Date</td>
<td>Size - Ac or SF</td>
</tr>
<tr>
<td>Instrument</td>
<td>Improvement Value</td>
</tr>
<tr>
<td>Rec. Distr. Bk. &amp; Pg.</td>
<td>Analysis (Price per Ac, SF, FF. Include calculations for cash equivalency adjustment, if needed), etc.</td>
</tr>
<tr>
<td>Legal Description</td>
<td>Property Rights Transferred</td>
</tr>
<tr>
<td>Easements &amp; Restrictions</td>
<td>(Fee simple, mineral rights, agricultural rights, etc.)</td>
</tr>
<tr>
<td>Physical description of site</td>
<td></td>
</tr>
</tbody>
</table>

### Location

Neighborhood

### Access

Zoning

### Shape

H & B Use

### Topography

Intended Use

### Soils

Utilities

### Vegetation

Frontage

### Site Improvements

Amenities

### Improvements

Additional Details (Unusual conditions of sale (duress), water front characteristics, etc.)

Data Source

Verified by

Date

Space for map, plat, or photograph.

The above information may be arranged in any order the appraiser prefers to use so long as the required information is provided. See DNR General Appraisal Instructions for additional requirements for the presentation of market data. DNR maintains an extensive database of comparable information. The database is available to fee appraisers. It would be helpful to have Township and Range and/or Latitude and Longitude included with the above information. We could then search by those fields and create ties to additional geographic areas for expanded search options.

1 The Appraisal of Real Estate, 14th Ed., Appraisal Institute, 2013, pp. 377-395
2 Standards Rule 2-2(a) (vi) USPAP, Appraisal Foundation, 2016-2017