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Suggested Solutions

Overview

Seminar Description

This seminar is designed to provide an overview of rural property valuation. The primary emphasis is on the methods and techniques needed to value a rural property that includes land and improvements. This material would be of value to any appraiser, residential or general, who is interested in rural properties.

Part 1 is a basic overview of rural markets and the general concepts that an appraiser may encounter when appraising rural property. It includes information about lenders who provide services in rural markets and their appraisal requirements. Unique data requirements for rural property are also addressed.

In Part 2, participants will learn how soils affect the productivity and use of rural land. They will also learn how to use soil maps and productivity ratings. A case study using the NRCS Web Soil Survey is included to demonstrate how appraisers can find the information necessary for analyzing the soils and capabilities of rural land.

Part 3 addresses the unique site improvements and building descriptions required for rural properties. Appraisers are very familiar with accurately describing site improvements and buildings. This section addresses the unique issues rural property appraisers face and is not intended to be a complete review of appraisal principles.

Part 4 explains how the six-step market analysis process can be used in rural markets. Participants will learn how to use the data available in rural markets to draw conclusions about market conditions using inferred analysis. Participants will also examine how market analysis and marketability studies can be used to support a highest and best use conclusion. Finally, the three-part highest and best use conclusion is examined to determine which methods of valuation are necessary in the development of a credible opinion of value.

Part 5 reviews the basic steps in the sales comparison approach and addresses key issues that may be different for rural properties. Participants will learn how to analyze land with different soil types and uses. A land residual method will be used to extract values for different land classes. A land mix ratio will be developed using the different land class values.

Part 6 explores the procedure for analyzing improved rural properties. The discussion will include examples and problems that will ultimately demonstrate the complete sales comparison process for appraising a rural property.

Learning Enhancements

The seminar has been designed with a variety of elements to enhance your learning experience.

- **Preview.** To give you a taste of what is to come, each part begins with a *Preview* page, which includes a brief overview of the content, learning objectives to consider as you move through the content, and, where appropriate, learning tips that will assist you in understanding the material you're about to cover.
- **Learning Objectives.** Each learning objective covers information required for understanding the concepts in the seminar. Look them over before the part begins so that you have a frame of reference as you move through the material. At the end of each part, reread the objectives. Are you able to do what is stated? If not, this is the time to ask your instructor for help or review the concepts that you do not understand.
- **Case Studies.** To supplement the discussions, we've included case studies to help you plan to apply what you are learning.
- **Excel Files.** Downloadable files are provided for in-class and after-class work.
- **Web Soil Survey Samples.** Files available for download are provided to help participants follow the case study presentations. Be sure to load them on the computer you bring to class. Then you will be able to open them from the Web Soil Survey site.
- **Review.** Each part concludes with a *Review* page, which repeats the learning objectives and, where appropriate, lists key terms and concepts that have been covered as well as suggested resources for additional information.
- **Solutions.** Answers to the discussion questions and problems are provided behind the Solutions tab at the back of this handbook.

Classroom Guidelines

To make the seminar a positive experience for everyone attending, we have some guidelines for your consideration:

- 100% attendance is required. No exceptions.
- Limit use of computers and wireless devices to classroom projects.
- Communicate with business associates during break time instead of class time.
- Put away reading materials such as newspapers and books that are not used in class.

- Silence cell phones and other communication devices.
- Use recording devices only if prior permission has been granted.
- Refrain from ongoing conversations with those seated near you and other distracting behavior.

Learning Objectives

After completing this seminar, participants will be better able to

- Meet the expectation of lenders who finance properties in rural markets, including the GSEs.
- Research and analyze market data necessary to develop a credible opinion of value in markets with limited resources.
- Identify how to analyze soil productivity and how it affects value.
- Use land mix ratio analysis to examine land made of multiple land classes.
- Use residual analysis to allocate the contribution value of improvements on a comparable sale.
- Develop an opinion of value for the subject property using the information extracted from the unimproved and improved comparable sales.

General Information

- **Calculators.** A financial calculator is required. The accepted model used in the seminar is the HP-12C.
- **Laptop.** A laptop computer with Microsoft Excel loaded and operational is required.
- **Breaks.** There will be two 10-minute breaks during the morning session and two 10-minute breaks during the afternoon session unless noted otherwise by the course sponsor. The lunch break is one hour.
- **Attendance sheets** will be distributed during class to verify your attendance during the morning and afternoon sessions.
- **Certificates of completion** will be e-mailed after completion of the course, and attendance during the entire course is required.