Understanding Appraisals and the Valuation Process in the Land Buy-Back Program

PURPOSE OF THE APPRAISAL: To make sure landowners are offered Fair Market Value (FMV) for their land interests. All appraisal methods used by the Department of the Interior are in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

Land Buy-Back Program for

**UNITED STATES DEPARTMENT OF THE INTERIOR**

**BUREAU OF INDIAN AFFAIRS**

**Exhibit A – Purchasable Interests Inventory (PII)**

<table>
<thead>
<tr>
<th>Grantor ID</th>
<th>Grantor Name</th>
<th>Item Number</th>
<th>Tract ID</th>
<th>Tract Name</th>
<th>Acreage</th>
<th>Interest</th>
<th>Scholarship Value</th>
<th>Contribution Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>344U000000</td>
<td>DOE, JOHN</td>
<td>1</td>
<td>345 0002</td>
<td>SALLY BLUE SHIELD</td>
<td>320.000</td>
<td>.000381944</td>
<td>$510.47</td>
<td>11/19/2013</td>
</tr>
<tr>
<td>344U000000</td>
<td>DOE, JOHN</td>
<td>2</td>
<td>345 0002</td>
<td>FAST RUNNER</td>
<td>320.000</td>
<td>.002343750</td>
<td>$468.75</td>
<td>11/19/2013</td>
</tr>
<tr>
<td>344U000000</td>
<td>DOE, JOHN</td>
<td>3</td>
<td>345 M 0000</td>
<td>BEAR FOLLOWS</td>
<td>320.000</td>
<td>.000381944</td>
<td>$95.49</td>
<td>11/19/2013</td>
</tr>
</tbody>
</table>

**APPRAISED VALUE**

To determine the value of the entire allotment, multiply your interest value by your fractional ownership interest. (Example: $0.92 divided by .000381944 equals approx. $2,400).

- **M** MINERAL TRACT
  - Mineral rights only (for example, oil, gravel, coal)

- **S** SURFACE TRACT
  - Surface rights only (land)

- **B** COMBINED TRACT
  - Both mineral and surface rights

NOTE
- Landowners can always decide not to sell their interests.
- Additionally, individuals can sell some of their interests but keep others.
- Offers are not negotiable.

BIA and Tribal Forestry

Responsible for providing timber and mineral resource valuations to AVSO-LBBPVD for tracts with commercially viable forests.

**Resources Not Viable**
- No further action necessary
- These timber values or mineral rights may have very small or no contributory value
- However “M” and “B” tracts with no current value are paid $7.50/acre to convey any mineral rights

**Resources are Evaluated**
- Timber values determined
- Tracts with mineral values are identified and DO NOT receive offers

Appraisal and Valuation Services Office – Division of Minerals Evaluation (AVSO-DME)

Responsible for evaluating the possibility of mineral resources on tracts.

Appraisal and Valuation Services Office – Land Buy-Back Program Valuation Division (AVSO-LBBPVD)

Responsible for appraising all tracts of land, including evaluating contributions from timber and mineral resource values. Staff appraisers evaluate the tracts, conduct a highest and best use analysis, and make a determination of the Fair Market Value (FMV) for tracts in the Land Buy-Back Program.

Are there timber or mineral resources?

- BIA and Tribal Forestry
- Staff appraisers evaluate the tracts

Are the resources accessible, culturally permissible, environmentally feasible, and economically viable?

- No further action necessary
- These timber values or mineral rights may have very small or no contributory value
- However “M” and “B” tracts with no current value are paid $7.50/acre to convey any mineral rights

- Timber values determined
- Tracts with mineral values are identified and DO NOT receive offers

A fair market value (FMV) for the entire tract of land will be determined in the Land Buy-Back Program. The value of timber and mineral resources will be incorporated. The value of specific fractional interests will be based on the interest’s proportion to the whole tract.

AVSO-LBBPVD will value a tract as though it is not fractionated (single owner), is vacant, and in fee status.

Staff appraisers will also determine the highest and best use of the tract. Important things to know about your appraisal report:
- As of the approved date, the appraisal report states the opinion of the FMV.
- Changes may have occurred in the market or to the tract since the approval date of the appraisal.
- Appraisals will be used to prepare offers to purchase individual interests in various trust or restricted fee Indian lands.

The Land Buy-Back Program will use mass appraisal methodology in the determination of FMV. The breadth, scale, limited funding, and fixed life span of the Land Buy-Back Program necessitates use of mass appraisal methodology. Mass appraisals will result in greater consistency in valuation and provide an individual tract value based on its unique characteristics. In many highly fractionated Indian ownership areas, it is common to have agricultural properties that are similar in use and have active/consistent markets for comparable sales data.

Continued on back...
The Indian Land Tenure Foundation (ILTF) is a national, community-based organization focused on American Indian land recovery and management. ILTF's primary aim is to ensure that all reservation and important off-reservation lands are owned and managed by Indian people and Indian nations.

As a community foundation, ILTF relies on funding from private foundations and donations from Indian nations, corporations and individuals to support its programming in Indian Country. Please consider making a donation to the Indian Land Tenure Foundation today.

To learn more about our work and programs and to make a donation, visit our website at: www.iltf.org.