

Appraisal Fact Sheet



Land Valuation is the process that determines the fair market value of tracts of land where the Department of the Interior may offer to buy fractional interests. The Department's Office of the Special Trustee for American Indians (OSTI), Office of Appraisal Services (OAS) will be appraising the land. OAS will incorporate value of timber and mineral estates. The Office of Minerals Evaluation (OME) will value mineral interests.

1. What is Fair Market Value?

Fair Market Value (FMV) is a type of value, stated as an opinion, of what a property would sell for in an open and competitive market and what a ready, willing, and able buyer might pay for a property in the current market. FMV will determine the amount that an owner will be paid for their share of interest in a fractionated tract.

2. How is the value of the land determined?

Properties that are eligible for purchase for the Buy-Back Program are compared to similar properties that have sold in the area. To provide an estimate of value, adjustments are made for any differences between Buy-Back Program eligible properties and similar properties that have sold. The estimate of value is being performed by a licensed appraiser.

3. What appraisal methods will the Department use?

- **Mass Appraisals** – a process used to value properties that are similar in use and have active/consistent markets or comparable sales data. Mass appraisals allow for greater efficiency and consistency in valuations.
- **Direct / Site-Specific Appraisals** – an appraisal process that may be used on tracts that may be difficult to value simultaneously with mass appraisal-amenable tracts.

4. Why is the Program using mass appraisal techniques?

The breadth, scale, limited funding, and fixed life span of the Program necessitates the use of mass appraisal methods where appropriate. Such use will result in greater efficiency and consistency in valuations, enabling the Program to effectively value many acres and tracts simultaneously. The Program will use market studies or mass appraisal techniques to appraise homogeneous, non-complex, vacant lands where comparable land sales are available. In many highly fractionated Indian ownership areas, it is common to have agricultural properties that are similar in use and have active/consistent markets or comparable sales data. The Program will not use mass appraisals for commercial or other lands within urbanized zones where greater variation may exist.

5. How will the Department ensure a credible and robust valuation process?

All appraisals will conform to the Uniform Standards of Professional Appraisal Practice (USPAP). The Department worked with the non-profit organization, The Appraisal Foundation, to obtain an [independent review of DOI's methods](#).

6. Will my mineral and timber rights be included in the valuation?

Yes, if there are mineral and/or timber ownership rights associated with a property, OAS will consider them in the valuation process. Please note, these rights may have very small or no contributory value if there are no viable minerals or timber present or if there are no markets for the minerals or timber. For those situations where the mineral ownership rights have a very small or no contributory value, a payment of \$7.50 per acre will be included in with the total value of the land to facilitate conveyance of the mineral rights.

7. Will buildings be included in the valuation?

No, buildings are not considered trust property and will not be included in the valuation or purchase process; however, in some cases, an appraiser may determine that an improvement has a material effect on the "highest and best use" of the property, and that property will be set aside for consideration for a site-specific appraisal depending on tribal priorities and availability of funding.

8. Can surface and mineral rights be severed?

No. When an owner sells land through the Buy-Back Program they relinquish all surface and mineral rights on the property. Surface and mineral estates will not be severed (split) during the Buy-Back Program transaction.

9. Will individuals be able to negotiate the value of the land?

No, offers will be non-negotiable, but the individual can always decline to sell their interests. Additionally, individuals can sell some of their interests but keep others.