



FARM APPRAISER COMPETENCY

Have you ever noticed that things seem to go in cycles? If an airplane gets hijacked, there's probably going to be more. If a volcano erupts, you can count on there being another eruption. Recently, the Real Estate Appraiser Examining Board has reviewed a rash of farm appraisals prepared by folks with very little experience and background in agriculture.

Just because you grew up in the Tall Corn State, visited Grandpa's farm every summer as a kid and you know that John Deere tractors are green doesn't automatically make you competent to appraise farms. Personally, I know about soap and, on any given day, I probably have quarters in my pocket; but, that doesn't make me competent to appraise a car wash.

Let's see how much you know about agriculture. The following is a farm appraiser competency quiz.

Farm Competency Quiz

What color are Case IH tractors and equipment?

What does CSR stand for?

What does HEL stand for?

What does CRP stand for?

What is the current farm bill called?

- A) Freedom to Farm
- B) Direct & Counter Cyclical Payments
- C) Agricultural Risk Coverage

Are Holstein cows beef cows or dairy cows?

What is the Master Matrix?

- A) A spreadsheet of soil type productivity indexes
- B) Canvas stretched over a grain truck to keep the grain dry
- C) Hog confinement permitting rules
- D) Grid of soil samples for fertility levels



What is the breakeven price per bushel to raise corn according to ISU Extension?

What is brome?

- A) Cyclones' Head Basketball Coach
- B) Used to sweep out livestock pens
- C) A type of grass
- D) Common soil type South of Interstate 80

Match the item in the left column with the appropriate item in the right column:

- | | |
|---------------|-----------|
| Sweet corn | Weed |
| Soybeans | Vegetable |
| Potatoes | Legume |
| Morning glory | Grass |

Rank the following like terms by age/size:

- A) Sows, Weaners, Feeder Pigs, Market Hogs, Gilts
- B) Feeder Cattle, Calves, Heifers, Cows, Market Beef

Ideally, one should have a perfect score because these are all beginner level questions. A 17 year old member of the local high school's (FFA) chapter is going to correctly answer over half of these questions. If you can't score as well as your nephew back home on the farm, you're probably not competent to accept the farm appraisal assignment. BTW, do you know what FFA stands for?

If you accept a farm appraisal assignment for which you're not competent, you have just violated the Competency Provision of USPAP. The Competency Provision reads as follows:

COMPETENCY RULE

An appraiser must: (1) be competent to perform the assignment; (2) acquire the necessary competency to perform the assignment; or (3) decline or withdraw from the assignment. In all cases, the appraiser must perform competently when completing the assignment.

BEING COMPETENT
An appraiser must determine, prior to agreeing to perform an assignment, that he or she can perform the assignment competently. Competency requires:

1. the ability to properly identify the problem to be addressed;
2. the knowledge and experience to complete the assignment competently; and
3. recognition of, and compliance with, laws and regulations that apply to the appraiser or to the assignment.]

See also
FAQ 101-
105

[\(See USPAP Website for more details\)](#)



You can begin your quest to become competent by researching the answers to the Farm Appraiser Competency Quiz above.

Just because you've recognized that you may not be competent, doesn't mean you have to turn down the assignment. You still have the option to associate yourself with someone who is competent. In other words, find somebody who does know the answers to the Quiz. It does not have to be a certified appraiser. Your local, active, experienced farmland broker or farm manager are excellent resources of market information.

USPAP also requires you to be geographically competent. Here's a little tip. If you don't know the unique way to pronounce Osage or Knierim or Kamrar or Nevada, then you aren't geographically competent to appraise near Osage, Knierim, Kamrar, or Nevada.

The following examples are problems identified in farm appraisals submitted for Standard 3 review to either the Work Product Review Committee or the Discipline Committee of the Board.

- 1) Wooded ravines on the subject property were compared to wooded ravines on the sales on the basis of CSR2 average.
- 2) Pig nurseries were compared to hog finisher sites in the Sales Comparison Approach. (This is like comparing a single family home to an apartment building.)
- 3) The search for large hog confinement facilities was confined to within an hour drive of the property being appraised.
- 4) The cropland or building sites sales were not documented. The sales were just pulled from a subscription service or the Assessor website. Was it sold by auction? Was the buyer an adjoining owner? Did it have any market exposure?
- 5) There is no evidence in the report that the USDA Service Center was ever contacted. Are there any designated wetlands? When does the CRP contract expire? What would be the CRP termination penalty? How can you value a farm if you don't know how many acres are tillable? The Farm Service Agency (FSA) has sophisticated digital measuring capability using high resolution satellite photography. It is not uncommon for the FSA measurements to be more accurate than the gross acre and net taxable acre figures according to the Courthouse. Just ask a surveyor.



Benchmark
AGRIBUSINESS

A university football assistant coach recently told farm boy recruits that they wouldn't benefit from studying agriculture in college. Wrong. Maybe someone should turn that football recruiter into the Discipline Committee of the Real Estate Appraiser Examining Board! ;-)

Helping Peers Be Better Farm Appraisers
Fred Greder

A handwritten signature in black ink that reads "Fred Greder".