UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice FLP-51

1922-A

For: State and County Offices

Updating Real Estate Appraisals When the Value Changes Substantially Within 12 Months of Effective Date

Approved by: Acting Deputy Administrator, Farm Loan Programs

Almeda (Lee) Cole

1 Revising Real Estate Appraisals

A Background

Instructions 1951-S, 1956-B, and 1965-A all require that FSA determine the current market value of real estate security to complete a requested servicing action. The current market value is determined by a real estate appraisal completed according to Instruction 1922-A. An appraisal has generally been considered current if:

- done within a 12-month period following its effective date
- there has not been any substantial changes to affect its value.

B Purpose

This notice provides direction on revising real estate appraisals when the value of the property has changed substantially within 12 months of the effective date.

C Updating Real Estate Appraisals

Occasionally, political, cultural, or economic activity may have an immediate and significant affect upon the value of real estate. For example, a substantial loss of a major cash crop, such as tobacco base, may have an immediate and significant impact upon real estate values in certain States.

When the value of real estate is perceived to have changed significantly during the 12-month period following the effective date of the appraisal, the original appraiser may update the existing appraisal report with an addendum. This addendum may be in the form of a letter that should clearly refer to the appraisal being affected and the reasons for any changes being made. The addendum will be according to USPAP and be cost-effective.

Continued on the next page

Disposal Date	Distribution
June 1, 2000	State Offices; State Offices relay to County Offices

1 Revising Real Estate Appraisals (Continued)

D
Contact

If there are any questions:

- County Offices shall contact the State Office
- State Office shall contact Chris Greenwalt, PDEED.