

For: State and County Offices

Appraising Minerals

Approved by: Deputy Administrator, Farm Loan Programs



1 Mineral Appraisal

A Background

1-FLP, subparagraph 142 B:

- requires that minerals be valued
- outlines the requirements for valuing minerals.

Section 307(d) of the Consolidated Farm and Rural Development Act, requires minerals to be specifically included as part of the appraised value of the collateral securing the loan where FSA intends to have minerals as part of the security.

B Purpose

This notice:

- provides guidance on the appraisal of mineral interests for all direct FLP loan making and servicing activities
- clarifies actions required when completing any real estate appraisal.

Disposal Date	Distribution
February 1, 2006	State Offices; State Offices relay to County Offices

Notice FLP-374

1 Mineral Appraisal (Continued)

B Purpose (Continued)

1-FLP, paragraph 142:

- requires the completion of FSA-1922-11 or other formats that provide the same information to be completed for all direct loan real estate appraisals
- provides direction as to completing the required valuation.

The Appraisal Foundation has determined that a zero value is an appraisal and can be used as a value conclusion. The zero value ensures that the Government has a valid lien on any minerals or mineral interest that may be discovered in the future. **The use of “n/a” or other nonmonetary terms is not acceptable for a value determination of minerals.** As required by 1-FLP, if the mineral interests are not known or current mineral potential does not exist, FSA-1922-11 or other formats that provide the same information will be documented and will reflect a zero in the value conclusion section for the mineral interests.

C Action

Staff appraisers shall ensure that all real estate appraisals for direct FLP loan making and servicing actions comply with this notice and 1-FLP requirements about mineral appraisals.

D Contact

If there are questions about this notice, contact Chris Greenwalt, Chief Appraiser, PDEED, at 202-690-0431.