SPC REVIEW OF QUALIFIED FEE SIMPLE DONATION (QD) APPRAISALS
OUTLINE OF REQUIRED ITEMS

*This information is required by the State Properties Commission (SPC) in order to properly complete its qualified fee simple donation (QD) appraisal review process as required by O.C.G.A. § 48-7-29.12.*

A. **LANDOWNER / DONOR RESPONSIBILITIES**

1. **Written Letter**
   
   SPC requires disclosure in the form of a written letter from the donor to include the name, structure of the ownership that will apply for the tax credit (Individual, Partnership or Corporation), and the amount of tax credit to be applied for. Landowner/Donor letter shall also include the following statement:
   
   “Landowner/Donor acknowledges that the intended user of the SPC Appraisal Review is the State of Georgia for purposes of both the Georgia tax credit and any amount that is allowed to be deducted in arriving at Georgia taxable income; specifically not the Federal Government nor the Internal Revenue Service (IRS).”

2. **Potential Enhancement**
   
   A QD can potentially enhance the value of properties retained, adjoining or proximate to the subject. Landowner/Donor shall submit a list of all properties owned by the landowner or immediate family members that adjoin the subject or are located within ½ mile of the subject.

3. **Date of QD Donation/Effective Date of Appraisal**
   
   If Donor’s appraisal is not effective the date of QD Donation, then Donor must certify in writing that the appraiser has been furnished a copy of the recorded qualified donation (QD) and recorded QD survey. The appraiser must use these to certify, in writing, that his/her appraisal is of the qualified donation property as of the QD date.

4. **QD Deed, QD Plat, QD Appraisal, QD Appraisal Affidavit, and Tax Credit Application**
   
   Donor must submit digital copies of the recorded QD Deed, recorded QD Plat, QD Baseline, signed QD Appraisal Affidavit and the signed QD Appraisal to the Georgia Department of Natural Resources (DNR), along with an “Application for a Georgia Conservation Tax Credit” and the non-refundable prescribed application fee of $5,000. The donor must also submit two bound printed color copies and a CD of the original appraisal or any revised appraisal to DNR for SPC. If the recorded QD plat/survey has been recorded in sections by the County Clerk, 2 copies of the full survey must also be provided.

5. **Baseline Report**
   
   For Qualified Fee Simple Donation, a Baseline Documentation Report shows the condition of the property at the time of donation.
6. DNR Responsibility

DNR will forward all required information received to SPC for review.

B. REQUIREMENTS FOR APPRAISER AND QD APPRAISALS

1. Appraisal Format/Standards

The appraiser shall conduct a complete appraisal in a self-contained narrative appraisal report, in compliance with O.C.G.A. § 48-7-29.12. The complete self-contained appraisal report must be consistent with the intended use of the appraisal and, at a minimum:

   a. state the identity of the client and any intended users, by name or type;
   b. state the intended use of the appraisal;
   c. describe information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment;
   d. state the real property interest appraised;
   e. state the type and definition of value and cite the source of the definition;
   f. state the effective date of the appraisal and the date of the report;
   g. describe the scope of work used to develop the appraisal;
   h. describe the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained;
   i. state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal; and, when an opinion of highest and best use was developed by the appraiser, describe the support and rationale for that opinion;
   j. clearly and conspicuously:  1) state all extraordinary assumptions and hypothetical conditions; and 2) state that their use might have affected the assignment results; and
   k. include a signed certification in accordance with Standard Rule 2-3 as defined in USPAP.

2. Appraisal Qualifications/Certifications

The appraiser shall provide an email address for the SPC review appraiser’s use if necessary. The QD appraisal must be signed by a current Georgia Certified General Property Appraiser (GCGA). The GCGA must inspect the subject currently listed property and the sales utilized for analyses and disclose if any were not inspected by him/her. Other appraisers, who are credentialed appraisers in Georgia, may assist the GCGA signator and may cosign the report. The GCGA must be competent to complete the assignment in accordance with USPAP requirements.

3. Use of the SPC QD Appraisal Checklist

   a. The SPC Appraisal Checklist is available on the SPC website (www.spc.ga.gov). The appraiser is strongly encouraged to review the checklist to verify that all pertinent information in the checklist is included in the appraisal. Use of the Checklist will allow for a more timely review.

   b. Depending on the appraisal scope and methodology(ies) some checklist items will not be pertinent to a specific appraisal. These items should be checked N/A by the reviewer.

   c. All pertinent value conclusions and the Effective Date must be included in the Letter of Transmittal, the Certification and the Summary of Salient Facts. Otherwise, the appraiser’s report format is not required to follow the checklist format or outline but all pertinent checklist items must be included somewhere in the appraisal.
4. **Qualified Donation Appraisal Affidavit**

Appraiser shall provide a signed “Qualified Fee Simple Donation Appraisal Affidavit” to the Donor. That Affidavit shall include:

a. Discussion and terms of Scope of Work (“Scope”) as outlined in 5.a. below, and agreed upon with the intended user in the engagement process as specified under USPAP standards.

b. Description of any requirements in the Scope and any standards that were followed to derive the appraiser’s opinion of Qualified Fee Simple Donation (QD) value.

c. Complete information on, but not limited to:
   
i. value of unencumbered property including structure of the form of property ownership that will claim the Georgia Qualified Donation Tax Credit (Individual, Partnership or Corporation);
   
ii. the total value of the appraised QD (“qualified fee simple donation in gross”);
   
iii. an accompanying statement identifying the methods used to determine such values; whether a subdivision analysis was used in the appraisal and whether it was secondary to the sales comparison approach;
   
iv. whether the landowner or related persons as defined in IRS Rules and any related entities retained any adjacent property or own any other property in a 1/2 mile vicinity, the value of which might be increased as a result of the donation of the QD property;
   
v. a quantification of any such value enhancement to related property which would be deducted from the value of the QD property.

d. A statement that the primary appraiser was, at the time of the Appraisal, a current Georgia Certified General Appraiser (GCGA) pursuant to Chapter 39A of Title 43.

e. A statement that the information in the affidavit matches that contained in the appraisal report.

f. As required by USPAP Ethics Rule, the appraiser must not advocate for the donor; and must make a statement that he/she has not.

g. The signature of the appraiser and date of signature. If revisions to the appraisal are made after the initial review, appraiser shall also revise the date of the Affidavit and indicate that this is a revised affidavit, and print REVISED and the date of revision in the upper right corner of each page of the entire revised appraisal.

h. If the appraisal is not effective the date of the Donation or after, the appraiser must certify that he or she has been furnished a copy of the recorded qualified donation and recorded QD survey and that those documents represent what the appraiser appraised.

i. Appraiser has not incorporated in their donation appraisal any Hypothetical Conditions except the assumption that the property and interests appraised were donated, or any Extraordinary Assumptions that if found to be incorrect could materially impact the appraiser’s value opinion. Appraisers are typically not qualified to specifically identify wetland, floodplain, slope characteristics, potential contamination, etc. Therefore if the property to be donated is suspected of any of these or similar characteristics, then an expert report must be furnished to the appraiser on the suspected characteristic. The appraiser must not make major assumptions about these or other conditions that could significantly impact value, and must certify in the Affidavit that none were made.

5. **Appraisal Specifics**

Although included in the Checklist, special attention to the following items is required.
a. **Scope** – A clear and succinct yet complete description of the scope of the Appraisal is required. This shall include, but not be limited to, the extent of the property inspection, geographic areas/time frame researched for comparable sales, whether the comparable sales were inspected by appraiser(s), degree of Market Analysis conducted to support Highest and Best Use conclusions and an analysis of the appraisal approaches/methodologies utilized and not utilized.

b. **Property History** - A complete description of all listing, contracts or sales of the subject within the last 3 years as well as a complete description of the history of use(s) of the subject for the past 5 years.

c. **Complete Description of QD** – A full description of the recorded plat, restriction, obligations and management plan and recorded QD property, its condition as of the donation date must be included.

d. **Highest and Best Use**
   i. **Highest and Best Use** – A complete and supported analysis of the Highest and Best Use of the subject as of the donation date, including reference to the information and description in the Baseline Report. If this Highest and Best Use is different from the historical use of the subject a detailed Market Study is required to support the Highest and Best Use conclusion.

e. **Selection and Analysis of Comparable Sales** – Three items are of paramount importance in the selection of comparables; these are date of sale, geographic proximity and Highest and Best Use. Ideally, sales with the same Highest and Best Use as the subject and which lie in reasonably close proximity to the subject can be utilized in valuing the subject. If sales of different Highest and Best Use or located outside the market area are utilized, a detailed explanation is required including the extent of research for sales in the market area with the same Highest and Best Use and the extent of research for alternative local sales; including the information found and why local sales were not utilized instead of sales outside the market area.

6. **Enhancement**
   
   A QD may enhance the value of properties owned by the donor or donor family member that adjoin the subject or are proximate to the subject. The appraiser must analyze and support an opinion as to whether the value of any of the properties identified by the donor under the heading in A-2 Potential Enhancement have been enhanced. If so, the total enhanced value must be deducted from the QD value to determine the net value of the QD.

7. **Overvaluation**
   
   a. The appraisers Certificate of Appraisal must include the following statement, verbatim:
      
      “The appraiser signing this report understands that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to civil penalty under Section 6695A of the Internal Revenue Code.”
   
   b. SPC is required under O.C.G.A. § 48-7-29.12 to report to the Georgia Real Estate Appraisers Board for investigation and disciplinary action any appraiser’s appraisal with a Substantial Misstatement of Value where the claimed value is 150% or more than the amount SPC determines to be the correct QD amount.

C. **SPC REVIEW OF QUALIFIED FEE SIMPLE DONATION (QD) APPRAISALS**
   
   SPC will review QD appraisals and affidavits submitted by the Donor to DNR, in accordance with Sections A and B above and with O.C.G.A § 48-7-29.12.
1. **SPC Procedures and Reviewer Requirements**

   a. SPC’s appraisal reviewer will be a current Georgia Certified General Property Appraiser by the State of Georgia Real Estate Appraisers Board pursuant to Chapter 39A of Title 43.

   b. Appraisal reviews shall be conducted in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), with sufficient information from the reviewer to allow SPC to understand the thought process that led to the Reviewer’s conclusions.

   c. As required by USPAP Ethics Rule, the reviewer must not advocate for the donor; and must make a statement that he/she has not.

   d. The review shall not prevent acceptance of the Appraiser’s report for purely clerical issues that do not affect the value conclusion.

   e. SPC will notify the Donor of the conclusions of the review with the Reviewer’s Narrative of review issues, if any.

   f. SPC will allow the landowner to withdraw the application and discontinue the application process at any time prior to SPC’s beginning the determination of value process described in 2(b) below. The $5,000 application fee will not be refunded.

   g. If necessary, SPC will provide a method of anonymous email communication for a reasonable number of questions between the appraiser and the review appraiser.

2. **Review Specifics**

   The reviewer will review the following documents:

   - The QD appraisal report
   - The QD appraisal affidavit
   - The recorded QD deed
   - The recorded QD plat
   - The tax credit application
   - The QD baseline report

   a. **Initial Review**: The first review will be a technical desk review based on the appraisal requirements outlined in Section B, above. The reviewer will NOT develop a value opinion at this time.

      On the basis of this review the reviewer will draw conclusions concerning

      - Whether the report is USPAP compliant – particularly with regard to STD 2-2 (a) viii: “The client and intended users must be able to understand the rationale for the appraisers’ opinions and conclusions.”

      - Whether the Appraisal Report meets the requirements of a Complete Self Contained Report as defined in B.1. above.

      - Whether the appraiser is a current GCGA.

      Based on this review the reviewer will conclude whether the appraisal is accepted or requires revisions.

      The reviewer will complete the SPC-QD checklist checking each item as either: Not Applicable, Acceptable, or Incomplete. The reviewer will prepare a Reviewer’s Narrative description of the issue(s) pertinent to each checklist item that is checked as incomplete.

      The reviewer will submit the appraisal checklist along with the Reviewer’s Narrative discussion to the SPC.
b. Second Review (The Re-Review): If a revised appraisal is submitted by the donor, the reviewer will review the revised appraisal based on the appraisal requirements outlined in Section B above. Based on this review the reviewer will conclude whether the revised appraisal is accepted, or is not supported by the appraisal. The reviewer will submit a new letter, appraisal checklist, and the Reviewer’s Narrative discussion to the SPC.

If the revised appraisal or the appraiser’s justification is still unacceptable to SPC, then the Donor may at this time elect to withdraw and end the State tax credit application or to proceed and SPC will make a determination of value. That value may be based on data in the revised appraisal, if adequate. The reviewer may accept a portion of the Donor’s appraisal, and supplement data and analyses to provide an appraisal. Or the reviewer may elect to perform his/her own market research to form the opinion of value.