

AGRICULTURAL ECONOMICS 453
Agricultural and Rural Property Appraisal
website: <http://agecon.unl.edu/>
Blackboard website: <http://my.unl.edu/>

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Purpose of The Course

This course provides students the opportunity to develop an understanding of the theory of real estate value and the application of the appraisal process to estimating the market value of agricultural and rural real estate.

Students will gain actual farm appraisal experience by conducting a thorough farm appraisal and preparing the appraisal report. Students will also work with accredited professional farm appraisers and other real estate professionals.

Course Objectives

This course meets the Achievement-Centered-Education (ACE) Learning Outcome #10 (Integration):

Generate a creative or scholarly product that requires broad knowledge, appropriate technical proficiency, information collection, synthesis, interpretation, presentation, and reflection.

The course provides opportunity for the student to:

1. Identify forces responsible for current and historical farm and rural real estate market conditions.
2. Recognize and understand factors which influence the market value of agricultural and rural property along with the concepts of value and related economic theory which provide a basis for estimating present market value.
3. Understand the process of identifying, gathering, and organizing information and data necessary for conducting an agricultural property appraisal.
4. Follow the farm appraisal process, employing the three valuation approaches to estimate the present market value of an agricultural property.
5. Complete a comprehensive appraisal analysis and write a professional-level farm appraisal report.

6. Understand special uses and unique aspects of farm loan appraisal, tax assessment appraisal, insurance appraisal and condemnation appraisal.
7. Develop skills in analyzing the economic feasibility, profitability, and repayment ability of alternative farm real estate investments.

Grading

Exams will consist of two hour exams and a final. A farm appraisal report is required. Graduate students taking the course will also be required to prepare a paper and make a class presentation on an issue relevant to the appraisal process. Course grade will be weighted as follows:

	<u>Undergraduate (453)</u>	<u>Graduate (8XX)</u>
Hour Exams (2).....	40%	36%
Final Appraisal Report	35%	32%
Final	15%	13%
Assignments/Class Participation	10%	9%
Paper and Class Presentation	<u>—</u>	<u>10%</u>
.....	100%	100%

NOTE: If a student would like to conduct a second farm appraisal on a property of particular interest, this can be done. The completed appraisal will be graded and count as 10 percent of the course grade, with the rest of the performance components prorated at 90 percent of the levels indicated above.

Grade Ave.	Course Grade	Grade Ave.	Course Grade
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Grading policy will be on the basis of:

92-100	A	72-75	C
90-91	A-	70-71	C-
86-89	B+	66-69	D+
82-85	B	62-65	D
80-81	B-	60-61	D-
76-79	C+	< 60	F

Students electing to take the course **Pass/No Pass** will be expected to complete all the requirements and earn a grade average of at least **70%** in order to receive a **Pass**.

Class Policy

Regular class attendance and participation are important and expected. It is the student's responsibility to acquire all materials, should a class absence be necessary.

The course is structured to promote active student participation and learning. In the classroom, course materials and concepts will be discussed in an interactive mode, and individual and team exercises will be assigned. The appraisal project itself, while individually assigned, will involve a team effort of all class members. Hopefully, this environment will be stimulating and rewarding for all involved.

Course Accreditation

This course has been approved by the **Nebraska Real Estate Appraiser Board** for 45 hours of pre-license education (12/7/92). In all references to the course, include this number: **A0008**.

Students have the option of using the course for meeting the **Capstone Course** requirements for both Agribusiness and Ag Economics majors.

The course is also designated an **IS** (Integrative Studies) course.

Class Materials

Course Syllabus (must be purchased)

Text (Optional) The Appraisal of Rural Property, II Edition, 2000.

Other References (available from instructor):

Appraisal Institute, **The Appraisal of Real Estate**, 10th Edition, 1992.

William Murray, et al. **Farm Appraisal and Valuation**, 6th Edition, 1983.

Valuable Websites

1. Nebraska Farm Real Estate <http://agecon.unl.edu>
Valuable trend information for Nebraska (click on Nebraska Farm Real Estate on the left side of Home Page)
2. Appraisal Institute www.appraisalinstitute.org
Good source of appraisal resources, publications, course offerings, etc.
3. Appraiser USA Bookstore <http://appraiserusa.com/bookstore.htm>
Real estate appraisal publications
4. Conservation and Survey Division, UNL <http://csd.unl.edu/>
Wealth of area-specific information, Maps, etc. on soils, irrigation, climate features, etc.

5. Nebraska State Appraisal Board
Organizational information on
Licensing, courses, etc. <http://www.appraisers.com/appraisal/nebraska.html>
6. Appraisers dot com
A national real estate appraiser
referral service. <http://www.appraisers.com/service/about.html>
7. Nebraska Department of Natural Resource
Much info including registered well info,
groundwater levels, rainfall records and
more by geographic area. <http://www.dnr.state.ne.us/>
8. Nebraska Department of Economic
Development
County profiles and data series. <http://www.neded.org>
9. USDA land value and Cash Rent Series by State www.usda.gov/nass/
10. USDA Farm Service Agency (FSA)
Information on all FSA programs
and activities <http://www.fsa.usda.gov/>
11. Nebraska Agricultural Statistics
Agricultural data series by county and region <http://www.nass.usda.gov/ne/>
12. County Agricultural Statistics (historical)
(Click on: Ag Statistics data base") www.usda.gov/nass
13. Nebraska Real Estate Commission www.nol.org/home/NREC
14. Property Tax Assessment Division, Nebraska Department of Revenue <http://pat.ne.gov>
15. Web Soil Survey, NRCS, USDA
Soil resource information available electronically <http://websoilsurvey.nrcs.usda.gov/agg/>
16. Nebraska Real Property Appraiser Board (list of appraisers by county)
https://nrpab-appraiserce.ne.gov/appraiser/faces/public/search_appraiser.jsp

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Course Schedule

<u>Date</u>	<u>Discussion Topic</u>	<u>Assignment</u>
Aug. 24	Course Introduction	Course Outline
Aug. 26	Overview of Farm Real Estate Appraisal	Syllabus pp. 1-41 Text Ch. 3
Aug. 31	Overview Continued	
Sept. 2	Professional Farm Appraiser Presentation	Presenter, Mike Pokorny, Certified Appraiser, Pokorny Real Estate, Inc. Lincoln, NE
Sept. 7	Labor Day Vacation	
Sept. 9	Farm Real Estate Market Developments in Nebraska and U.S. (download and review "Will Farmland Values Keep Booming?" from <u>Economic Review Second Quarter 2008</u> , Kansas City Federal Reserve at: http://www.kansascityfed.org/PUBLICAT/ECONREV/PDF/2q08henderson.pdf)	Syllabus pp. 45-86 Handout materials
Sept. 14	Concepts of Value and Related Economic Theory as Applied in Farm Appraisal	Syllabus pp. 88-118 Text Ch. 2
Sept. 16	Demonstration Appraisal with Professional Appraiser, Seward County	Field Trip with Mike Polorny, Appraiser, Lincoln, NE
Sept. 21	Concepts of Value Cont.	
Sept. 23-28	Legal Concepts, Instruments, and Definitions used in Appraisal	Syllabus pp. 121-159 Text Ch., 1, 4, & 11
Sept. 30	Legal Descriptions of Farm Real Estate	Syllabus pp. 163-179 Text Ch. 7
Oct. 5	Soil Mapping in Analyzing and Relating Soil Productivity to Land Values	Syllabus pp. 183-206 Text Ch. 8
Oct. 7	Appraisal Visit to Subject Farm Property	Field Trip to Seward Co. Farm Property
Oct. 12	1st Hour Exam	

Oct. 14	Sales Comparison Approach	Syllabus pp. 209-237 Text Ch. 12 & 14
Oct. 19	<i>Fall Break</i>	
Oct. 21	Sales Comparison Approach Cont.	
Oct. 26	Income Capitalization Approach	Syllabus pp. 241-281 Text Ch. 15
Oct. 28	Site Visit of Comparable Farm Sales	<i>Field Trip:</i> Seward County
Nov. 2	Income Capitalization Approach Cont.	
Nov. 4-11	Cost Approach to Value	Syllabus pp. 285-313 Text Ch. 13 & 9
Nov. 16	Correlation of Appraised Values Using Three Approaches and Writing A Farm Appraisal Report	Syllabus pp. 315-324 Text Ch. 16 & 17
Nov. 18	Irrigation Appraisal (Analysis of Comparables for Appraisal Due.)	Syllabus pp. 327-338 Text Appendix G
Nov. 23	<i>2nd Hour Exam</i>	
Nov. 25	Thanksgiving Vacation	
Nov. 30	Ranch Appraisal	Syllabus pp. 341-354 Text Ch. 19
Dec. 2	Appraisal For Loan Purposes And Condemnation Appraisals	Syllabus pp. 357-371 Text Appendix E
Dec. 7	<i>Special Topics</i>	
Dec. 9	In-class discussion of subject farm appraisal <i>(Final estimate of value due)</i>	
Dec. 11	<i>(Final Version of complete appraisal report due)</i>	
Dec. 14	<i>Final Exam, Monday, 1:00-3:00 p.m.</i>	

Appraisal Tools available on Backboard Website

- Appraisal Templates
- Income Capitalization Worksheets
- Market Adjustment Grid
- Building Improvement Detail and Value: Current Observation Method (Template)