

## **Appraisal Criteria**

The appraiser must be:

- (i) independent and have no appearance of a conflict of interest (such as a direct or indirect financial or other interest in the property or transaction); and
- (ii) be either State-licensed or State-certified with the following exception: when the Project Property's estimated value is over \$1,000,000, the appraiser must be State-certified.

The appraisal report must be prepared in compliance with Uniform Standards of Professional Appraisal Practice (USPAP) and use one of the following options:

- (i) self-contained appraisal report; or
- (ii) summary appraisal report.

In order for the appraiser to identify the scope of work appropriately, the letter of engagement must request the appraiser to identify Montana Community Finance Corporation and the U.S. Small Business Administration, PO Box 916, Helena, MT 59624 as additional intended users.

When the collateral will be new construction or involve substantial renovation of an existing building, the appraisal must estimate what the market value will be at completion of construction. After construction is completed, lender must obtain a certification from the appraiser that construction was completed according to plans and specifications.

When the collateral is an existing building that does not require construction, the appraiser should estimate market value on an as-is basis. If the appraiser estimates the value other than on an as-is basis, the narrative must include an explanation of why the as-is basis was not used.

If the appraisal engagement letter asks the appraiser for a business enterprise or going concern value, the appraiser must allocate separate values to the individual components of the transaction including land, building, equipment and business ("blue sky"). When the collateral is a special purpose property, the appraiser must be experienced in the particular industry.