

General Information & Requirements



Appraisal Requirements & Helpful Tips

- ✓ Appraiser must be independent (no appearance of a conflict of interest) and State-Licensed or State-Certified. (Certification required if estimated value is over \$1,000,000.)
- ✓ Appraisal must be prepared in compliance with Uniform Standards of Professional Appraisal Practice (USPAP). (the SBA will not accept a “*Restricted Appraisal Report*”)
- ✓ For credit reasons the SBA requires that the Appraisal discuss at least two (2) methods of valuation.
- ✓ The following must be named intended users of the Appraisal and the report must be addressed to (1) the Bank **and** (2) the CDC **and** (3) the SBA as follows:
 - U.S. Small Business Administration
6501 Sylvan Road, Suite 111
Citrus Heights, CA 95610-5017
 - Indiana Statewide Certified Development Corporation
4181 East 96th Street, Suite 200
Indianapolis, IN 46240
- ✓ With new construction or substantial renovation the Appraisal must estimate what the market value will be at completion of construction. This should be an “*as complete*” value as the SBA will **not** accept an “*as stabilized*” value.
- ✓ If the project involves new construction or substantial renovation and an “*as complete*” value is listed in the original Appraisal, after construction is completed CDC must be provided a certification from the Appraiser that the building was built with only minor deviations (if any) from the plans and specifications upon which the original estimate of value was based. Any substantial changes may require an adjustment of the Appraised Value.
- ✓ When the collateral is an existing building that does not require construction, the Appraiser should estimate market value on an “*as-is*” basis or the narrative must explain why the “*as-is*” basis was not used.
- ✓ If the appraisal engagement letter asks for a business enterprise or going concern value, the appraiser must allocate separate value to the individual components, including land, building, equipment and business (including intangible assets).
- ✓ If the collateral is a special purpose property, the appraiser must be experienced in the particular industry.