



Understanding Farm Appraisals – What is the true worth of your farm?

—Cynthia Martel, Extension Agent, Franklin County; cmartel@vt.edu

“You want the appraisal to provide you with the most complete representation of your business, so plan ahead for your appraiser!”

Special thanks to Kelly Yeatts for coming to Franklin County and assisting with this article.

Disclaimer:

Commercial products are named in this publication for informational purposes only. Virginia Cooperative Extension does not endorse these products and does not intend discrimination against other products which also may be suitable.

Timing is key in determining when to have a farm appraisal completed. Does your current situation require an appraisal for financing or have you started to plan the transition process to the next generation? Understanding how a whole farm appraisal is completed can help you in the long run, but knowing which hat the appraiser is wearing when he/she enters your driveway is crucial. Hat 1, bank/lender/lawyer hired appraiser provides an unbiased, objective evaluation of your farm. They observe and report facts that provide a product of appraisals and reviews for the bank/lender or lawyer. Hat 2, a consultant provides a service/job as an advisor to your farm. They are observers and reporters of options, but most importantly they are partners in progress, providing farmers with feasibility studies, estate planning, evaluations, analysis of land use options, and analysis of legal options. Kelly Yeatts, MAI of Yeatts Real Estate Appraisals of Southwest Virginia, LLC provided excellent information to producers in Franklin County on this very topic as part of a Franklin County Farm Transition and Succession program funded by the Virginia Department of Agriculture and Consumers Services and Ag License Plates.

Appraisals are an opinion of value based on real estate or real property, based on facts and data which are then subjectively interpreted by the appraiser using their knowledge and expertise. For example, if you had three different appraisers each one could place a different value on your property - but the difference between the three should not be drastic. All appraisals should provide supporting documents and be credible in nature. An appraisal should provide you a top-notch analysis. If your appraiser only stays on the farm for an hour, chances are, important items have been missed! An appraiser should be on your farm for at least half the day, the bigger the operation, the longer it could take. You want the appraisal to provide you with the most complete representation of your business, so plan ahead for your appraiser! The appraisal is only as good as the documents you can provide. Have any unrecorded documents available (i.e. surveys, etc.),

have any improvement specs/construction plans available, and give answers to probing questions. Be prepared to give information on all questions asked, some examples could be how many animals are on the farm, how many milking calves, the price of milk, where you ship your milk, age of buildings, future plans, and more. First and foremost, go on the walk-through with your appraiser! You want every inch of your farm included in the evaluation, the good, the bad, the ugly. This report could be the difference between you getting financing or not.

A complete and complex appraisal will take some time to put together. Ms. Yeatts advises to be prepared for a possible 60 day turn-around. Your appraisal, when done correctly, should provide a market analysis and a highest and best use evaluation. A market analysis will look at past, present, and future data to evaluate the operation and its potential for future sustainability. The highest and best use determinations (one for land as though vacant and one for the property as improved) are based on a combination of the subject data and the market analysis. The highest and best use evaluation is not based on you continuing to own the farm, it's based on the next buyer of the property. The valuation approaches will be based on the determined highest and best use, for example if you are a current dairy but your properties highest and best use for the future is a housing development, your comparable is a housing development. If you are going into an appraisal where you are keeping the property in the same business from one generation to the next then the appraisal could be based on investment value rather than market value, which must be based on highest and best use. Valuation of property consists of three accepted approaches: cost approach, sales comparison, income capitalization. Each of these approaches must be credibly developed. Remember, just because a farming property down the road from your farm sold does not mean it is comparable. An appraiser that knows their job will search high and low to find the farms that are meant to be your comparables, these sometimes



Upcoming Events

See [VTDairy](#) for details.

September 15-16

Premier National Jr Shows

September 27

Jr Dairy Management Contest

September 26-29

VA State Fair Dairy Shows

September 27-October 6

Virginia State Fair

October 1-5, 2019

World Dairy Expo

February 12-13, 2020

Virginia Sate Feed Association and Nutritional Cow College

If you are a person with a disability and require any auxiliary aids, services or other accommodations for any Extension event, please discuss your accommodation needs with the Extension staff at your local Extension office at least 1 week prior to the event.

might even be farms counties away.

Also, remember appraisals do expire. Work with the appraisal company or your lender to determine how long the appraisal is good for, talk about date of valuation. If you're in need of



Monitoring Pregnancies Early During Gestation Will Help Reduce Costs Associated With Pregnancy Losses

—Alan D. Ealy, Professor of Reproductive Biology; ealy@vt.edu

As you well know, lactating dairy cows are reproductively inefficient. Much of this infertility stems from the metabolic demands of lactation, where cows place their nutrient resources in producing milk in place of preparing the ovaries and uterus for conception and a pregnancy. Further reductions in fertility occur because of transition period health issues and environmental stresses (e.g. heat stress). Some of the best solutions to overcoming these problems lies in 1) developing an adequate post-partum health and nutritional plans, and 2) effectively utilizing estrous synchronization and timed insemination protocols to ensure that cows

a whole farm appraisal find a company or individual who is qualified and knows Agriculture! When in doubt, contact your local Extension agent for guidance!

First, develop and follow a standard operating procedure for detecting estrus from 17 to 24 days after insemination.

Yes, that's right. Seven days of intense estrus detection by visual detection, tail-head markers and/or activity monitors.

Second, I recommend that pregnancy be diagnosed at day 28-35. This will allow you to re-

synchronize and re-breed open cows. Early pregnancy detection can be achieved by transrectal ultrasonography on or after day 28 of pregnancy or by using commercially available pregnancy tests that detect placental factors in the cow's blood circulation (e.g. BioPRYN Pregnancy Test; IDEXX Pregnancy Test). These companies also offer tests that utilize milk samples.

Third, do not forget to monitor estrus activity in cows that were pregnant day 28-35. Intense estrus observations may not be possible, but using tail-head markers or activity monitors is recommended to identify the subset of pregnant cows that will lose their pregnancy.

Fourth, recheck the pregnant cows again around day 60 of pregnancy. Nearly all of the anticipated pregnancy losses will have occurred by this time, so you can identify and re-synchronize and re-breed any open cows.

Finally, I suspect many of you are wondering, "What is being done to solve this problem?" Well, unfortunately, I don't have solutions available for you. However, help is on the way. The USDA National Institute of Food and Agriculture (NIFA) identified embryonic and fetal development in livestock species as a research priority in its annual call for research proposals, and researchers are focusing efforts their efforts on 1) developing schemes to identify open cows earlier after breeding so they can be re-bred as early as possible, and 2) diagnosing cows at risk for undergoing early pregnancy losses so that they may be monitored more closely and potentially receive treatments to prevent these losses.

"Unfortunately, the fertility battle is not over after the cow is inseminated."

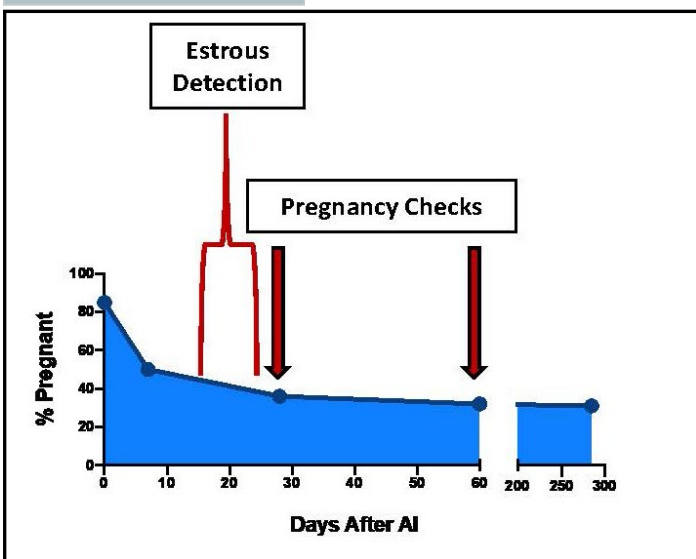


Figure 1. Recommendations for checking pregnancy status.

ensure that cows are bred as soon as possible after the voluntary waiting period.

Unfortunately, the fertility battle is not over after the cow is inseminated. If inseminated at the correct time 80 to 90% of lactating cows will conceive, but usually only 30-45% of these

cows will maintain the pregnancy to term. Nearly all of these pregnancy losses occur within the first 2 months of gestation. A majority of pregnancy losses occur in the first 3-4 weeks of gestation, but 10-20% of pregnant cows at day 28 of pregnancy will not be pregnant by day 60. These pregnancy losses are especially bothersome because these losses extend the calving interval, compromising the lifetime production potential of these cows.

So, what can be done? Unfortunately, there is no cure for this problem. My advice is to manage the problem by ensuring that pregnancy status of cows is examined on several occasions during early pregnancy (Fig. 1).

For more information on Dairy Extension or to learn about current programs, visit us at VT Dairy—Home of the Dairy Extension Program on the web at: www.vtdairy.dasc.vt.edu.

Christina Petersson-Wolfe, Ph.D.
Dairy Extension Coordinator & Extension Dairy Scientist, Milk Quality & Milking Management