

## **DEFINITION OF MARKET VALUE FOR AGRICULTURAL APPRAISALS**

The value described herein is "Market Value" as defined in the Uniform Standards of Professional Appraisal Practice (USPAP). As defined, "Market Value" is:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:"

- a) the buyer and seller are typically motivated;
- b) both parties are well-informed or well-advised, and acting in what they consider to be their own best interests;
- c) a reasonable time is allowed for exposure in the open market;
- d) payment is made in terms of cash, in U. S. dollars, or in terms of financial arrangements comparable thereto; and
- e) the price represents the normal consideration for the property, sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Further, the value defined (unless otherwise stated and defined in this report) is considered to be held in "Fee Simple" which is defined as:

"Absolute ownership of real estate, unencumbered by any other interest or estate, subject only to the limitations of eminent domain, escheat, police power, and taxation."

The essential difference between Market Value and Market Price lies in the premises of intelligence, willingness, and knowledge, - all of which are considered in Market Value but not necessarily in Market Price. In other words, Market Value connotes what a property is actually worth, based on market history, as of a given moment in time while Market Price may reflect any unusual or peculiar circumstances surrounding the sale transaction, such as motivations of adjacent land owners, tax-exchange buyers, sentimentality, duress, etc. In light of these potential differences the prudent appraiser must analyze the details of a sale price to ascertain as to whether or not the transaction fulfills the criteria of Market Value.

In practice, Market Price may actually be higher or lower than Market Value, depending upon the influences which the parties to a transaction may be subject to.