



Rural Valuation Topic #RVT 4: What is the “Subject”?

Subject or **Subject Property** is defined as, “the property that is appraised in an assignment”¹. The term Subject is used in appraisal reports as a simplified way in which to refer to the specific property and property rights being appraised.

Rural subject properties may include the gamut of property rights ranging from water rights, irrigation water storage rights (off of the property), mineral rights (may be split horizontally, vertically and by percentage), appurtenant easements, conservation easements, etc. Each of these rights require definition and explanation in the appraisal report so that the reader may move past the physical optics of the property. Examples of Subject Properties are:

- 600 surface acres; described as all of Section “X” less the NENE
- 50% ownership in 320 acres within 600-acre property defined as the S2 of Section “X” or metes and bounds Tract X-17. No minerals on the remaining 280 acres (prior reservation).
- Groundwater irrigation rights from an 850’ well for 135 acres (pivot) at 1,000 gallon/minute during the growing season.
- Two groundwater wells for domestic and livestock use(s); undisclosed or described volume.
- Appurtenant easement across neighboring owner Smith in Section “X” into the subject property.
- Royalty payments on gravel production on 20 acres located in E2NWNW of Section “X” (2 acres mined in 6 years; 18 acres remaining). Payment \$1/ton with approximately “YYY” tons remaining (may require geologist or someone with quantification ability).
- Gross acreage includes an old 3-acre railroad bed along east boundary section-line. Reportedly to be abandoned in a few months with reversionary right to adjoining landowners.
- Two powerline easements within the subject’s land description; one to the building site and one along south boundary (major transmission line), etc.

ASFMRA Recommendations:

- Clearly define what is included as the subject property early in the appraisal report.
- Provide clear definitions of the property rights associated with the property and analyzed within the report.

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed., (Chicago: AI 2015, p.224)