

PART 1922 - APPRAISAL

Subpart B - Appraisal of Real Estate Security for Rental, Cooperative, and Labor Housing Loans and Grants.

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PART 1922 - APPRAISAL

Subpart B - Appraisal of Real Estate Security for Rental,  
Cooperative, and Labor Housing Loans and Grants

§ 1922.51 General.

This subpart prescribes the policies and procedures for appraising Rural Development financed housing consisting of four or more living units and related facilities. The Multi-Family Housing (MFH) programs involved are Rural Rental Housing (RRH), Rural Cooperative Housing (RCH), Farm Labor Housing (LH), along with prepayment requests. Appraisals of real estate security with fewer than four housing units or domestic farm LH are to be appraised in accordance with HB-1-3550 and 1922-1, respectively, when arriving at the final estimate of value. With a few exceptions outlined at § 1922.52 (b)(2) of this subpart, private appraisers contracted by Rural Development will perform appraisals for MFH real estate security. Rural Development personnel must assure that the justification and reconciliation of the indicated values for each approach used to determine appraised values are clearly and completely documented.

§ 1922.52 Administrative issues.

(a) State MFH Appraisal System Manager. The State MFH Appraisal System Manager (ASM) and an Assistant are to be appointed, in writing, by the State Director. Duties of these positions are to maintain the MFH appraisal system within the State, by:

- (1) Maintaining acceptable appraisal quality within the State. The ASM is to conduct a review of every MFH appraisal. Reviews are to include an examination of all exhibits, formulas, calculations, and other data and exhibits the appraiser used in the appraisal. All explanations are to be logical and justify the final value conclusion.
- (2) Monitoring MFH appraisals for compliance with the statement of work prior to payment; see §1922.53 (a) of this subpart.

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DISTRIBUTION: WSAL

Real Property  
Appraisal

(b) Contract Appraisals.

(1) Instructions for contracting with, and monitoring the work of, appraisers is provided at Exhibit C of this subpart.

(2) Exceptions to the use of contract appraisal services: With proper documentation the loan approval official may authorize the ASM to conduct an appraisal under the following situations:

(i) If the cost of the contract appraisal exceeds what is typical for the size and type of project for a similar market.

(ii) When a contractor cannot complete the appraisal within a maximum time frame of 45 days.

(c) Appraisal format. The appraisal report format may be a narrative appraisal or a form appraisal. Form RD 1922-7, "Appraisal Report for Multi-Unit Housing," or the equivalent forms, FNMA Form 1050 or FHLMC Form 71-A, may be used for MFH appraisals. However, these forms must be modified, or attachments must be added, so that Uniformed Standards of Professional Appraisal Practice (USPAP) and Agency appraisal requirements are met.

(d) Proposed operation. The principle of highest and best use, the probable use that will support the highest value as of the appraisal date, is to be addressed for each project appraised and for all methods of appraisal utilized.

(e) Nondiscrimination appraisal criteria. It is unlawful, under the Fair Housing Amendments Act of 1988, for a Rural Development employee or contract appraisal service to do the following in connection with doing appraisals for 515 rural rental housing or 514 and 516 farm labor housing:

(1) To use factors that are discriminatory on the basis of race, color, religion, sex, handicap, familial status or national origin in the sale, rental, leasing or financing of housing.

(2) To use an appraisal in connection with the sale, rental or financing of a dwelling, that the appraiser knows, or reasonably should know, improperly takes into consideration race, color, religion, sex, handicap, familial status or national origin. All appraisals completed under the loan programs noted in §1922.52 (e) must comply with this statute.

§ 1922.52(e) (Con.)

(3) As more fully described at RD Instruction 2024-A, the announcement process seeking bids for contracted appraisal services will be publicized to the fullest extent possible and include publications serving minorities and minority appraisers.

(f) Unacceptable appraisals. When the ASM finds the appraisal unacceptable, the appraisal report and a copy of review comments will be returned to the appraiser. A meeting will be scheduled with the contractor, the ASM, and the Contracting Officer to discuss the appraisal and contract terms. All contractual actions taken by the Agency must be through the Contracting Officer and comply with the Federal Acquisition Regulations (FAR). Continuation of the contract(s) will be based upon the contractor's ability to meet or exceed the conditions of the contract statement of work.

(g) ASM appraisal duties. The ASM is to perform appraisals on an as-needed basis according to the circumstances of Section 1922.52(b)(2). Other duties are to monitor contract appraisals for compliance with 7 CFR part 3560, subpart P and Chapter 7 of HB-1-3560 and provide program orientation to the Rural Development contract appraisers.

(h) Income's effect on value. The Income Approach is typically the primary approach to value for income-producing properties. This approach is a set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished using direct capitalization or yield capitalization.

(i) Prepayment requests. For prepayment requests, the as-is market value, as conventional or unrestricted, is to be concluded. If the highest and best use of the subject property is not conventional apartment use, the appraiser should conclude the market value of the property according to its highest and best use.

§ 1922.53 Appraisal System Components.

(a) Components for contract appraising. When using contract appraisers the State Director will establish a contract appraisal system, which includes:

- (1) Appointing a State MFH ASM and assistant ASM to be responsible for the contract appraisal system maintenance and the review of all MFH appraisals. These individuals are to have professional training and be knowledgeable of industry standards.
- (2) Establishing a priority system for timely completion of appraisals and appraisal reviews. Time-frames are not to exceed 45 days from the date the assignment is accepted by the contractor.
- (3) Establishing a method for monitoring the appraisals utilizing an appraisal review report form that complies with Standard 3 of USPAP.
- (4) Maintaining a data base that will establish "benchmarks" for typical project construction costs and typical project expenses and incomes for use in appraisal reviews.
- (5) Maintaining a list of qualified appraisers interested in receiving solicitations. Names of interested appraisers or appraisal firms who are professionally trained and have experience in appraising multi-family income producing property will be collected from applicable sources. Examples of sources are appraisal industry papers, newsletters, local appraisal chapter newspapers, direct contact, etc.
- (6) Developing an orientation plan to provide contractors with an overview of MFH programs. The ASM is to instruct contractors on the required scope of work of the appraisal report and contract payment conditions. Materials to be furnished by Rural Development include sample Operating and Management (O&M) budgets from which a realistic net operating income (NOI) can be calculated, copies of the subject market study, the environmental impact assessment, and other relevant information that can be released under the Freedom of Information Act.

§ 1922.53(a) (Con.)

(7) Establishing a policy for appraisal completion and submission similar to those of other appraisals completed in the area. An extension, not to exceed 30 days, may be granted when it can be documented that the delay is beyond the appraiser's control. Any extension must be clearly documented by the loan approval official.

(8) Review appraisers are to use the Marshall Valuation Service as a cost monitoring tool in all appraisal reviews.

(b) Management of appraisal system.

(1) Prior to executing a contract, the State Director will assure that proposed appraisal fees are typical for the area. Prior to payment, the State Director will review the appraisal for compliance with the conditions of the contract statement of work. Payments for contracts are to be charged to the revolving fund using Form RD 838-B, "Invoice Receipt Certification." Contract appraisers are expected to provide the appraisal report with attachments and expert witness services (when applicable) for fees that are typical for work of similar complexity in the subject market area.

(2) The State Director will establish a system for appraisal monitoring that will return unacceptable appraisals for correction or additional documentation prior to Rural Development acceptance and contract payment.

(3) The appraisal monitoring system data should be used by the ASM when determining typical capitalization rates, O&M expenses and incomes, rents, and construction costs.

(i) Establish a data base which can be used for value estimate purposes. Data is to be developed from the sale/transfer of ownership of subsidized housing. Sources of this data are State housing agencies, Rural Development, other governmental housing agencies, and applicable conventional sales data.

(ii) Typical construction costs are to be obtained from a wide variety of sources as mentioned above. Construction costs can be used from throughout a particular State or adjoining State when the data is from a similar market.

(iii) O&M expense and income data can be obtained from conventional rental housing markets. Although conventional data must be adjusted to account for additional expenses unique to subsidized housing (e.g., reporting and recordkeeping of tenant information, on site manager, etc.), expenses and income obtained from State housing authorities, government housing agencies, and Rural Development year-end audits should closely represent the typical costs for subsidized housing. When determining typical project expenses, it is recommended that a grid containing data from a minimum of 5 comparable projects be developed.

- (4) A method for prompt payment of contracts will be established:

Instructions for payment of contracts are found in subpart A of Part 2024 and Exhibit D, "Acquisition, Sales, and Leasing Authority." The request for payment is to be submitted on Form RD 838-B, "Invoice Receipt Certification." Rural Development is to aid contractors, as needed, with the proper completion of payment forms.

- (5) MFH appraisals may contain one or more of the three approaches to value: the Cost Approach, the Sales Comparison Approach, and the Income Approach, depending on the scope of work of the assignment. In all Rural Development appraisals these valuation approaches must support each other. Industry convention is that they should not vary by more than ten percent (10%). For Rural Development MFH appraisal purposes, any variance above industry convention is to have all supporting justification documented in the reconciliation section of the report.

§ 1922.54 Steps preliminary to making the appraisal.

The appraisal will be made when the applicant has been found to be eligible and sufficient information has been developed to enable the appraiser to evaluate the property. Plans and specifications for the building, site improvements, environmental assessment, and other relevant material is to be furnished to the appraiser. Plans are to be in sufficient detail for the appraiser to determine the size and type of structures to be built or improved, the materials to be used, and the site improvements. As a general rule, an appraisal and review will be completed prior to the obligation of funds.

§ 1922.55 Appraisal review form.

An appraisal review report form that complies with Standard 3 of USPAP will be used to review all MFH appraisals involving four or more units. The ASM will assure that an appraisal review is conducted on all appraisals.

§ 1922.56 Appraisal orientation and reviewer training.

Appraisal orientation will be provided by the State ASM upon request. Annual meetings with contractors are considered essential for the successful implementation and maintenance of contracts.

Additional appraisal organization training courses for appraising and appraisal reviews are to be provided on an annual schedule for each employee designated as ASM and Assistant ASM. It is imperative that these individuals be knowledgeable and keep current of the appraisal industry.

§§ 1922.57 - 1922.100 [Reserved]

Exhibits A and B [Reserved]

Exhibit C - Guide for Multi-Family Housing Contract Appraisal Service

Exhibit D - Guide for Appraisal Energy Saving Measures, the "Value-in-Use" Approach

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EXHIBIT C

GUIDE FOR MULTI-FAMILY HOUSING CONTRACT APPRAISAL SERVICES

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GUIDE FOR MULTI-FAMILY HOUSING CONTRACT APPRAISAL SERVICES

Part I. General.

This Guide provides guidance for the procurement of contract appraisal services for multi-family housing (MFH) properties. Contract appraisal authorities are in RD Instruction 2024-A.

Part II. Program Responsibilities.

A. Government Inspection of Property. In accordance with Subpart A of Part 2024, contract services shall not involve decision-making or other inherently Governmental functions. Accordingly, prior to initiating procurement action for appraisal of MFH property, program personnel will conduct an on-site inspection of the dwelling and/or building site. The purpose of the inspection is to determine the following:

1. Eligibility of the dwelling and/or site in accordance with Subpart B of 7 CFR Part 3560.
2. Thermal performance of the dwelling in accordance with Subpart A of 7 CFR Part 1924.
3. Rural area determinations in accordance with Subpart A of 7 CFR Part 3560.
4. Environmental program compliance in accordance with Subpart G of 7 CFR Part 1940.
5. Repairs necessary to ensure the property meets Rural Development program property requirements. (This list of repairs will be provided to the contractor on RD Form 1924-13, "Estimate and Certificate of Actual Cost.") This form is to be made a part of the appraisal document.

B. Preparation of Procurement Request. Program personnel will prepare and submit Form RD 1955-62, "Request for Contract Services for Custodial/Inventory Property or Program Services," to the Contracting Officer (CO) to initiate procurement for contract appraisal services. The following provides guidance, in addition to the Forms Manual Insert for Form RD 1955-62, for the preparation of the procurement request:

1. Statement of Work. An integral part of the procurement request is the description of work requested or the Statement of Work (SOW). A sample SOW for contract appraisal services is provided in Chapter 7, Attachment 7-D of HB-1-3560. Program personnel should review the requirements in the sample to ensure that the work requirements are expressed in concise, accurate and comprehensible terms. It may be necessary to modify the sample SOW to ensure the final SOW addresses particular requirements and circumstances. The objective is to develop a SOW that sets forth minimum standards which will provide Rural Development with a method of determining if the contractor will meet the contractual requirements.

2. Other considerations. The following provides other requirements which should be taken into consideration in the development of the procurement request. Program personnel should discuss these considerations with the CO.

a. Government furnished material. The Government shall provide the following for use in the performance of the requirements in the SOW:

(i) Legal description and/or address of the property to be appraised; list of property repairs, if appropriate; plan and specification for new construction; environmental assessment; approved budget of operating and maintenance expenses, if applicable; copies of floor plans and elevation views; tenant waiting lists, if appropriate; and any other information necessary for the contractor to complete the appraisal.

(ii) Form RD 1924-13, "Estimate and Certificate of Actual Cost," if appropriate.

(iii) Appropriate Rural Development Instructions and Regulations will be available for review at \_\_\_\_\_ during working hours.

The SOW and a completed Attachment 7-E, from Chapter 7 of HB-1-3560, will be furnished to potential offerors.

b. Preparation of proposals. To be considered for award, offerors shall submit a proposal which clearly documents the offeror's ability to accomplish the requirements in the SOW. As a minimum, offerors should furnish the following with their proposals:

(i) A brief written summary of experience and qualifications of key person(s) or firms expected to perform the requirements specified in the SOW.

(ii) Provide all necessary documentation and certifications that substantiate that the offeror is certified, licensed and/or authorized to perform MFH appraisals within the area specified in the SOW.

(iii) At a minimum two (2) written statements of performance from individuals or firms (including Rural Development if possible) for whom the offeror has performed similar professional services. These statements shall include the name, address, and telephone number of the reference.

c. Professional insurance coverage. The contractor shall maintain professional insurance coverage in accordance with local and State government statutes.

d. Technical considerations. Personnel proposed for work on the contract must demonstrate knowledge, skill, and experience in appraising income producing MFH property.

e. Orientation meeting. After contract award, the contractor shall attend an orientation meeting with the Contracting Officer Representative (COR) for the purpose of acquainting the contractor with Rural Development. The COR shall respond to questions, further amplify and clarify the appraisal process, and provide copies of appropriate Rural Development regulations and procedures. It is the contractor's responsibility to be knowledgeable of Rural Development's appraisal policy and procedures, to understand the required scope of work of the appraisal assignment, and to ensure that his/her employees are prepared and trained to perform the requirements specified in the contract on contract effective date.

f. Progress reports. The Contractor shall provide a written report of the status of assigned tasks to the COR (insert report interval, i.e., weekly, bi-weekly).

g. Inspection and acceptance. The CO or the COR shall inspect and accept the supplies and/or services to be provided under this contract. No payment shall be made until the work is accepted. If deficiencies are noted in the inspection, the appraisal shall be returned to the contractor for correction within (specify time period for correction, i.e., hours, days) at no additional cost to the Government.

The COR shall serve as the duly authorized representative of the CO.

Part III. Evaluation of Offers.

There are two methods of evaluating offers: (1) Negotiated Procurement, and (2) Basis for Contract Award. The CO will consult with program personnel to: (1) Develop evaluation criteria, (2) determine the method of evaluating offers; and (3) conduct a technical review of proposals. While cost is an important criteria in determining the best offer received, due consideration should also be given to the qualifications and experience of the offerors as it relates to the requirements specified in the SOW. The following provides additional information to be considered during this process:

A. Negotiated procurement. Negotiated procurement is a formal evaluation process which must be used for all contracts \$25,000 and over. This process involves:

(1) Develop evaluation criteria and assigning weight factors. The following is provided for consideration when developing evaluation criteria:

a. Experience and knowledge of the person(s) proposed to perform the requirements in the SOW.

b. Commitment of the offeror to perform the requirements specified in the SOW.

c. Technical approach of the offeror to perform the requirements specified in the SOW.

(How does the offeror plan to accomplish the requirements prescribed in the SOW? Is the offeror experienced in conducting MFH appraisals?)

- (2) Convene the technical evaluation committee to evaluate all technical proposals received;
- (3) Establish the competitive range;
- (4) Negotiate with offerors in the competitive range;
- (5) Receive best and final offers from offerors;
- (6) Evaluate best and final offers;
- (7) Source selection; and
- (8) Debrief unsuccessful offerors.

B. Basis for Contract Award. This method will be used in evaluating proposals for small purchases under \$25,000. This process accomplishes the same results as the negotiated procurement process, but does not require the formal technical evaluation committee or negotiations with the offerors. The evaluation of each proposal will be based on how well it demonstrates the offeror's ability to perform the SOW. The following is provided for consideration when developing the solicitation for contractors:

"The Government intends to award a contract resulting from this solicitation on the basis of price and other factors. The other factors are documented evidence of professional training, experience, a proposal which demonstrates how the offeror will perform the requirements specified in the SOW. The Government may reject any or all offers, or award a contract on the basis of initial offers received without discussions. The Government can accept and award a contract for other than the lowest price offered. Therefore, each initial offer should provide the offeror's best price and a written proposal as outlined above."

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Guide for Appraisal of Energy Saving Measures,  
the "Value-in-Use" Approach

Introduction.

This guide may be used for appraisal of energy savings measures or for estimating the impact of energy saving measures on market value.

The described methodology, indicated in this guide, is an adaptation of the procedure for Life Cycle Cost Analysis developed by the Department of Energy and published in 10 CFR Part 436. This methodology is applicable for use on those energy savings measures which have been approved by the State Director and/or are otherwise acceptable in accordance with Rural Development procedures and policy.

Definitions.

Value-in-Use. The value of an economic good to its owner/user/investor based upon its expected productivity or savings.

Energy Saving Measure. Any device, equipment, material, process, construction method, system, structure or combination thereof that will result in a reduction of energy usage when compared to conventional energy related practice in the area of the project.

Conventional Energy Related Practice. Any device, equipment, material, process, construction method, system, structure or combination thereof as they relate to energy usage, that are common to a particular area and/or are required by local, State or federal regulations or standards.

Representative Structure. A building or facility similar in all ways to the proposed or existing building or facility with the exception that conventional energy related practice has been substituted for the proposed energy saving measures.

Economic Life. The period of time over which the energy saving measure may reasonably be expected to perform the function for which it was designed or intended without major renewal or overhaul.

Study Period. The period of time equal to the economic life of the energy saving measure or 25 years, whichever is shorter.

Annual Energy Cost Savings. The difference in the first year cost of energy of the proposed or existing building or facility as compared to the energy cost of its representative structure. For the purpose of this methodology the cost of energy may be based upon the unit fuel cost applicable in the project area at the time of the appraisal.

Annual Operation and Maintenance Cost. The incremental cost to operate and maintain an energy saving measure as compared to the operation and maintenance (O&M) costs of its representative structure.

Methodology.

Worksheet A (attached) may be used to organize the information and calculations of the Value-in-Use appraisal.

Step 1: Identify the energy saving measures.

Step 2: Identify the representative structure upon which energy cost savings, incremental construction cost and incremental O&M costs will be based.

Step 3: Determine the study period of the energy saving measure (item C on worksheet). The study period is equal to the economic life of the energy saving measure or 25 years, whichever is shorter.

In determining the economic life, consideration may be given to obsolescence, age, durability and reliability of components, cost and complexity of O&M procedures and the likelihood that the owner will carry out the necessary O&M or undertake necessary repairs. In this regard, the availability of qualified service personnel, spare parts and the quality of O&M manuals as well as warranties and long term service contracts may be considered.

Ordinary energy saving measures which depend upon the operation of mechanical subsystems are not assigned a useful life greater than 15 years. Furthermore, of these systems, only durable, low maintenance, non-complex systems with well documented O&M procedures, located in areas having ready access to service personnel are assigned a useful life as high as 15 years.

If the study periods of identified energy saving measures differ, the energy saving measures having similar study periods should be grouped together. Each of these groups will form the basis of a separate Value-in-Use computation. The composite Value-in-Use is simply the sum of the Value-in-Use computed for each of these groups.

Step 4: Determine the first year annual energy cost savings (item D on worksheet). This determination may be made from information provided by the proponent of the project, an energy auditor, the manufacturer/supplier of the energy saving measure or as determined by Rural Development analysis of the proposed energy saving measures. If energy cost savings cannot be reasonably determined using accepted calculation procedures, or if the savings are otherwise indeterminable, the Value-in-Use methodology is not applicable. It may be possible in some of these instances, however, to establish a minimum level for expected energy cost savings. This savings may be used in the Value-in-Use analysis. The annual energy cost savings may be increased by 10 percent for proposed or newly implemented energy saving measures to approximate the value of energy savings that may not be reflected in the current average price of fuel.

Step 5: Determine the annual O&M cost of the energy saving measures as compared to the representative structure (item E on worksheet). These costs include service contracts, energy required to operate the energy saving measure (Pumps, motors, blowers, etc.), insurance, chemicals, minor repairs and/or replacement of components and other costs necessary to operate and maintain the energy saving measures. For the purpose of this method, the total incremental O&M cost may be averaged over its study period without regard to the actual timing of the costs. Unless other information is available, the annual incremental O&M costs may be assumed equal to one (1) percent of the incremental construction cost of the energy saving measure as compared to its representative structure. Energy saving measures which have no mechanical system operations may be assumed to have zero annual O&M cost unless other information indicates that another incremental cost is appropriate. If annual energy cost savings are increased by 10 percent as described in step 4, then applicable energy related O&M costs should be similarly increased by 10 percent.

Step 6: Determine the inflation modified uniform present worth factor as it applies to the energy savings measure, from the applicable Tables (B-1 through B-10) published by the Department of Energy in 10 CFR Part 436. (These tables will be kept current and supplied to the appraisers by the Architect or Engineer in each State.) These modified uniform present worth factors are based on a real rate of return of 7 percent and are adjusted for the relative price inflation of various fuels over a period of 25 years. They are tabulated for each Department of Energy Region and type of facility (Residential, Commercial or Industrial). (See Items D and E on worksheet.)

Step 7: Determine the uniform present worth factor for future annually recurring costs. (See Item E on worksheet.) This factor is given in table LA-2 of 10 CFR Part 436. (These tables will be provided by the State Architect and/or Engineer.) It is used in conjunction with the annual O&M costs determined in Step 5. Note: The O&M costs may contain a fuel use component. For the purpose of this methodology, the simplifying assumption is made that use of the factor given in Table A-2 for non-fuel and for fuel related O&M costs would not significantly reduce the accuracy of the Value-in-Use determination. If fuel usage, however, is a significant portion of the O&M costs as determined by the appraiser, it may be shown separately under a second category of O&M expense. (See item E 2 of worksheet.)

The appropriate discount factor for fuel related O&M costs would then be found in the applicable table of Tables B-1 through B-10 for the type of fuel used in operation and/or maintenance activities.

Step 6: Compute the Value-in-Use following the steps shown in Worksheet A. (See Item F on worksheet.)

Appraisal. (See Item G on worksheet.)

The total estimated property value is determined by adding the computed Value-in-Use or the incremental construction cost of the energy saving measures (whichever is lower) to the estimated value of the representative structure.

Value-in-Use and Cost Effectiveness.

In general, an energy saving measure(s) will be considered cost effective, from the point of view of Federal government investment, when the Value-in-Use is greater than the incremental construction cost of the energy saving measure. If the incremental construction cost exceeds the Value-in-Use the energy saving measure may still be cost effective when:

1. Salvage value of energy saving measures having economic lives greater than 25 years is significant; or
2. The economic life of the energy saving measure is greater than the economic life of the alternative conventional energy related practice.

In these instances further analysis may be necessary to determine cost-effectiveness. In most instances, however, the Value-in-Use will be an acceptable estimate for the cost-effective limit of Rural Development investments in energy saving measures.

WORKSHEET "A"

PROJECT: \_\_\_\_\_  
 ADDRESS: \_\_\_\_\_

ENERGY SAVING MEASURES:  
 (List)

- A. DEPARTMENT OF ENERGY (DOE) REGION \_\_\_\_\_
- B. TYPE OF FUEL SAVED \_\_\_\_\_
- C. STUDY PERIOD \_\_\_\_\_ (YEARS)

CALCULATION OF VALUE-IN-USE

	<u>\$/YEAR</u>		<u>PRESENT WORTH</u> <u>FACTOR (1)</u>	
D. <u>ANNUAL ENERGY COST SAVINGS</u>	_____	X	_____	= _____
			From Table B	"V1"
E. INCREMENTAL ANNUAL O&M COSTS				
E-1 <u>GENERAL O&amp;M</u>	_____	X	_____	= _____
			From Table A-2	"V2"
E-2 <u>FUEL RELATED O&amp;M (optional)</u>	_____	X	_____	= _____
			From Table 5	"V3"
Fuel Type: _____				
F. <u>VALUE-IN-USE</u>		=	"V1" - "V2" - "V3"	= \$ _____
G. INCREMENTAL CONSTRUCTION COST:				\$ _____
APPRAISAL OF ENERGY SAVING MEASURE (2):				\$ _____

NOTES

(1) Present Worth factors are published by the Department of Energy in 10 CFR Part 436, "Methodology and Procedures for Life Cycle Cost Analysis."

(2) Lower of Line F or Line G.

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