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**File Code:** 2420  
**Route To:**

**Date:** June 21, 2024

**Subject:** Standard Profit and Risk Allowance for Base Year 2023 Appraisals - Interim Direction

**To:** Region 10 Natural Resources Director

Pursuant to the authority and responsibility delegated to me in FSM 2420.43, and based upon your recommendation, I am extending the “standard” profit and risk allowance in Residual Value (RV) appraisals at 17%. With this, I have taken into consideration the continued economic uncertainties faced by forest industry producers, including elevated levels of inflation and the federal funds rate remaining above 5%, affecting the cost of borrowing and capital investments.

Regional Valuation staff shall apply this “standard” profit and risk to Base Year 2023 valuation programs as a starting point, allowing 10% profit and 7% risk for all RV sales. The RV appraisal program then auto-calculates up to five adjustments (plus or minus) for “sale-specific” risks.

This letter serves as interim direction and remains in effect for one year or until superseded by Handbook Direction (R10-FSH 2409.22-1).

X

CHAD VANORMER  
Regional Forester

cc: Ashton Hargrave, Frank Sherman, Sheila Spores, Dan O'Leary, Brock Martin

