

342 FW 2, Appraisal Review

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The U.S. Fish and Wildlife Service is a bureau within the Department of the Interior. Our mission is to work with others to conserve, protect and enhance fish, wildlife and plants and their habitats for the continuing benefit of the American people.

The Division of Realty supports the acquisition and management of Service Lands utilizing the Migratory Bird Conservation and the Land and Water Conservation Fund. The Chief of the Division is the Secretary of the Migratory Bird Conservation Commission and the Division serves as staff to the MBCC. The Service's Chief Appraiser, Chief Surveyor, and the Branches of Acquisition Management and Operations make up the Division of Realty.

2.1 Purpose. The purpose of U.S. Fish and Wildlife Service (Service) appraisal reviews is to approve reliable estimates of value upon which the Service can rely as a basis of action. (See 342 FW 1.1.)

2.2 Policy. Service policy requires a system of appraisal reviews that will ensure reliable estimates of value for management decisions. Additionally, as the public at large is involved with Service activities, it is the obligation of the Service to protect both private and public interests by means of professionally approved market value appraisals as a basis for all land transactions.

2.3 Authorities. The following authorities are most applicable to the Service's appraisal review program:

A. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, P.L. 91-646, Title III, Section 301(3) as amended. This act deals with uniformity and fairness in the treatment of property owners:

(1) It specifies "Before initiation of negotiations for real property, the head of the Federal agency concerned shall establish an amount which he believes to be just compensation therefor and shall make a prompt offer to acquire the property for the full amount so established. In no event shall such amount be less than the agency's approved appraisal of the fair market value of such property . . . "

(2) The Department of the Interior implements the review part of the act under 49 C.F.R. 24.104, Review of Appraisals, which says "the Agency shall have an appraisal review process, and at a minimum:

(a) "A qualified reviewing appraiser shall examine all appraisals to assure that they meet applicable appraisal requirements and shall, prior to acceptance, seek necessary corrections or revisions.

(b) "If the reviewing appraiser is unable to approve or recommend approval of an appraisal as an adequate basis for the establishment of the offer of just compensation, and it is determined that it is not practical to obtain an additional appraisal, the reviewing appraiser may develop appraisal documentation in accordance with 24.103 to support an approved or recommended value.

(c) "The review appraiser's certification of the recommended or approved value of the property shall be set forth in a signed statement which identifies the appraisal reports reviewed and explains the basis for such recommendation or approval. Any property damages or benefits to any remaining property shall also be identified in the statement."

B. Uniform Appraisal Standards For Federal Land Acquisitions (UAS). All appraisals are to conform to the UAS, as amended by the Interagency Land Acquisition Conference. The UAS takes absolute precedence over the USPAP discussed below.

C. Uniform Standards of Professional Appraisal Practice (USPAP). The Uniform Standards of Professional Appraisal Practice, promulgated by the Appraisal Standards Board of the Appraisal Foundation, as amended, is recognized throughout the United States by the appraisal industry as the generally accepted minimum standards of appraisal practice. Review appraisers working on federally related transactions are expected to abide by Standard 3 which says that an appraiser (reviewer) must form an opinion as to the adequacy and appropriateness of the report being reviewed and must clearly disclose the nature of the review process undertaken. Departure from Standards Rules 3-1 and 2 is not permitted.

2.4 Responsibilities.

A. Assistant Director - Refuges and Wildlife. The Assistant Director has oversight responsibilities and the lead role for implementing the Service's Appraisal Review Program and is authorized to approve and promulgate the Appraisal Review Handbook for Service appraisers involved with the Appraisal Review Program. (See paragraph 2.6 below.)

B. Chief Appraiser. The Chief Appraiser is responsible for guiding the development of the Service's land appraisal program and renders special assistance and guidance to Regional Review Appraisers. (See 342 FW 1.4B.)

C. Review Appraisers. In carrying out their duties in an objective and ethical manner, review appraisers or reviewers report to the Regional Chief of Realty and must understand the following responsibilities, limitations, obligations and prerogatives:

(1) Responsibilities. Review appraisers or reviewers are responsible for:

(a) Maintaining overall quality control in the Service's appraisal program.

(b) Adhering to the provisions of this chapter and 342 FW 1 in the performance of the appraisal review program.

(c) Approving a reliable estimate of fair market value upon which management can depend.

(d) Coordinating review activities with the Regional Chief of Realty in response to priorities; i.e., review of program activities other than the more common Migratory Bird Conservation and Land And Water Conservation Fund accounts and preparing appraisals of more complex properties. Availability for such assignments will depend upon the review workload; i.e., priorities.

(e) Coordinating with the supervisory appraiser in response to Regional priorities and in justifying waivers of multiple appraisals.

(f) Maintaining an up-to-date register of appraisal review activities for administrative and management purposes.

(2) Limitations. The review appraiser must not:

(a) Try to influence the appraiser's judgment.

(b) Substitute his judgment for the appraiser's. Neither is it the reviewer's function to second guess the appraiser and advocate value.

(c) Direct the appraiser to a value. There must be no attempt to coerce an appraiser into changing his/her report.

(d) Change an appraisal report. Editing or otherwise revising the appraisal report by review or administrative personnel is forbidden.

(e) Dismiss careful appraisal judgment solely because it cannot be supported by conclusive sales data.

(3) Obligations. The reviewer must:

(a) Comply with USPAP Standard Rules 3-1 and 3-2; departure from these binding rules is not permitted.

(b) Determine if the facts cited are correct, if the assumptions are valid, if the analysis and approaches are properly processed, and if the appraiser did a thorough job.

(c) Correlate the value estimates against all available information.

(d) Be unwilling to accept anything less than a proper appraisal report.

(e) Be unwilling to approve for action until all significant appraisal problems and divergences have been resolved.

(f) Have benefit of a second appraisal, or a waiver thereof, before he/she can take approval action on properties exceeding \$750,000 in the before condition. (See 342 FW 1.5F, Securing Second Appraisals, wherein two or more appraisals are required for unique, controversial, complex and/or relatively high valued properties or when the individual property exceeds \$750,000 in the before condition.)

(g) Render an independent, objective and impartial decision. As with appraisers, the reviewer must not become an advocate. One of the reviewer's greatest tasks is to remain objective and impartial. His/her task is to evaluate the technical aspects of the appraisal, not the political aspects.

(4) Prerogatives. Although the review appraiser may not impose his judgment, opinions, and findings on the appraiser, he/she may:

(a) Question the appraiser's judgment when it is illogical or not reasonably inferred from data cited.

(b) Consider all pertinent data available; i.e., other appraisals, sales data, and the like.

(c) Make inquiries; e.g., from engineers, other appraisers, real estate people, other landowners.

(d) Discuss appraisals with the appraiser to resolve factual, legal, or conceptual differences.

(e) Request clarification, supplemental data, and analysis.

(f) Reconfirm factual data such as sales, zoning, etc.

(g) Require the appraiser to reasonably support his/her conclusions.

(h) Make a field review. Because of the dependence placed on review actions, it is the reviewer's responsibility to decide whether a field review is necessary in order to appropriately perform the full review function.

(i) Call for a second/additional appraisal report; i.e., if the reviewer considers the property unique, controversial or complex. See 3(f) above.

(j) In instances where he/she does not feel qualified to review, locate and/or request assistance from another reviewer, either staff or contractor, to assist him/her as necessary.

(5) Certification. In accordance with USPAP Standard Rule 3-2(e) the reviewer must include a signed certification following the review comments.

2.5 Appraisal Review Requirements.

A. Qualifications. Appraisals made for the Service must be reviewed and approved by qualified reviewers before the respective values are used by the Service at large. This approved appraisal report is subsequently used as the Service's "approved appraisal" which is the basis for the amount used in the Statement of Just Compensation. Review appraiser qualifications are described in 2.8 below.

B. Review Preparation. Service appraisal reviews will be conducted and reports prepared in accordance with the guidelines set forth in Uniform Appraisal Standards For Federal Land Acquisitions (UAS), Uniform Standards of Professional Appraisal Practice (USPAP), and the generally accepted techniques and practices advocated by the appraisal profession.

C. Review Independence. The review function must maintain high standards of integrity and objectivity so that management may confidently rely on the reviewer to consistently approve only those reports that are fair to owners and the Government alike. In order to achieve these standards, it is essential to have independence between appraisers, reviewers, and utilizers of reports.

(1) The appraisal organization must be structured so that no reviewer or user of the report guides or influences the appraiser in arriving at his/her conclusions.

(2) In turn, the reviewer must also have the right to form his/her own opinions. Therefore, the organization must also ensure independence between the reviewer and those who are writing reports and those who will be using the appraisal he/she approves. (Also see 341 FW 1.7, Organizational Requirements.)

D. Review Decisions. The reviewer must decide whether a report is acceptable and then decide from among one or more acceptable reports which report will be used as the Service's "approved appraisal." In making these decisions, the reviewer must take the following actions:

(1) Accept the Report. The report is an acceptable document because it adequately supports a reasonable and rational estimate of value.

(2) Approve the Report. The report is accepted and approved as a reliable estimate of market value upon which management can depend. The Service's "approved appraisal" is based on the reviewer's analysis, correlation, and ultimate selection from among one or more acceptable reports. The report is subsequently used as the Service's "approved appraisal" which is the basis for the amount used in the Statement of Just Compensation to the landowner.

(3) Reviews of Two or More Appraisals. The standard procedure for selecting the best evaluation from among two or more appraisals entails reviewing them first individually and then jointly. Only then can the reviewer draw his final conclusions as to the best evaluation to approve for Service use.

(a) In the course of reviewing two (or more) appraisals on the same property, a major problem area may develop when two equivalently professional appraisers arrive at irreconcilable differences of opinion. The first step is to discover the exact source of difference. If it appears to be a factual basis, both appraisers should be asked for confirmation of the factual matter and re-analysis of possible changes resulting therefrom.

(b) Judgment differences are often not reconcilable by re-analysis. Frequently such differences result from honestly differing concepts of the property. This brings the greatest test of the reviewer's skill and judgment. The reviewer:

(i) Must analyze the analytical process used by each appraiser.

(ii) Should evaluate the knowledge and abilities of each appraiser.

(iii) May call for further information and analysis from each appraiser.

(iv) In order to decide which evaluation document most closely describes the market value of the property, he/she may, in extreme circumstances, call for an additional report.

(c) It is not the reviewer's function to disapprove, as such, but more to attempt to secure an approvable and justified valuation within a degree of the value probability for the property in question.

E. Review Security. Review reports are confidential in nature and are produced for the benefit of the Government. It is unethical to divulge review findings and actions to anyone except as authorized.

2.6 Appraisal Review Handbook. The Appraisal Review Handbook provides in one document the current policies, standards, techniques, and procedures regarding the review of Service appraisals and the preparation of reliable, professional appraisal review reports for use in management decisions. The handbook:

A. Is designed to ensure Service-wide uniformity in all appraisal review activities.

B. Is designed to make the process of reviewing, preparing review documents and taking review actions easily understood and readily available to all appraisal review and other Service personnel involved.

C. Is not meant to be a substitute for acceptable textbooks on the appraisal review function, but should serve as a procedural guide and requirements handbook.

2.7 Management Records, Reports and Inspections.

A. Records. See 342 FW 1.8A.

B. Reports. See 342 FW 1.8B(1)(b).

C. Inspections. See 342 FW 1.8C. Annual visits by the Chief Appraiser to each Region will include:

(1) Office Inspection. Spot checks or sampling of appraisal reports and review comments in Regional Office files.

(2) Field Inspection. On the ground spot checks or sampling inspections of appraised and reviewed properties and related market data.

2.8 Reviewer Qualifications. Certain qualifications are desirable in the selection of Service and non-Service review appraisers.

A. Formal and Informal Appraisal Review Training. Effective training of review appraisers is best accomplished through a systematic program of in-house training and formal non-federal outside professional appraisal review courses. This should include an occasional (full) delegation of review authority by the Regional Reviewer. Such assignments should graduate from reviews of simple to more complex appraisal reports. It is very important that review assignments include field review experience. (Also see 232 FW 5 for appraisal training requirements.)

B. Experience.

(1) Practical. Practical experience in making appraisals similar to the type being reviewed and/or of varying complexity and variety.

(2) Courtroom. Court experience is desirable if appraisals for acquisition under eminent domain are to be reviewed.

(3) Record. Record of adherence to professional appraisal standards.

C. Professional Affiliations and Accreditation. Active affiliation with and accreditation by a nationally recognized appraisal organization (or organizations). Reviewers are encouraged to become certified and join, become accredited, and actively participate in professional appraisal societies.

D. State Certification is recommended and strongly encouraged for staff and required for contract appraisers.

2.9 Definitions. All general appraisal definitions are cited in 342 FW 1.11. The following definitions are specific to the Service's appraisal review program. Other appraisal review terms are defined and developed within their respective sections of the Appraisal Review Handbook.

A. Acceptable Report. A distinction is made between "acceptance" and "approval" of a report. An appraisal may be acceptable for payment because it adheres to contractual specifications and professional standards but may not be selected for use as the Service's "approved appraisal of market value."

B. Approved Appraisal. The Service's "approved appraisal" report is synonymous with "the agency's approved appraisal of (fair) market value" from P.L. 91-646, Title III (3). The appraiser's reported value conclusion, opinion, or final estimate of value within the approved appraisal report is the basis for the amount used in the statement of just compensation to the landowner. The "approved appraisal" is based on the reviewer's analyses and ultimate selection from among one or more acceptable reports.

C. Complete Appraisal Review Report. A written document of actions taken during the course of the review process. Such reports are written by qualified reviewing appraisers, usually but not necessarily in a staff capacity in which their activities, findings, conclusions, recommendations, and actions on appraisals are fully documented for the Service.

D. Qualified Reviewing Appraiser. An appraiser who is highly competent in the technical aspects of real estate appraisal, possessing extensive appraisal experience in making appraisals similar to the type being reviewed, and/or of varying complexity and wide variety.

E. Review. The act or process of critically studying an appraisal report prepared by another and preparing a review document.