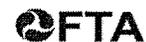


## **Learning Objectives**

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- Describe the Appraisal Review Process
- List the Review Appraiser's responsibilities
- Explain the findings of the Review Appraiser



**Key Message:** The Appraisal Review Process is intended to assist the Agency in determining Just Compensation

Notes:

Agencies must understand the Review process for their self benefit and to be able to describe to the function to a contractor.

There are specific duties assigned to the Review Appraiser by the regulations. Interestingly, a specific review appraisal process is not mentioned in the Uniform Act itself, but is a requirement of the regulations.

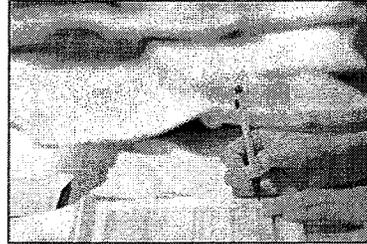
The Review Appraiser is charged with categorizing the appraisal in one of three ways. These will be discussed in detail.

## Appraisal Review

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Technical evaluation of appraisal to assure minimum compliance and fairness.

- Does the appraisal, as presented, represent a reasonable estimate of Fair Market Value?
- Is one led to the same conclusion as the author?



**Key Message:** An Appraisal Review is an analysis of an appraisal, not another parcel appraisal.

Notes:

The two goals of the review should be technical compliance and fairness. This means the reviewer must assure that the values are reasonably arrived at considering all of the specific requirements of Part 24 (these will be discussed on the next slides) and that the values of similar properties are consistent, especially if more than one appraiser is producing work on the project.

The analysis of the appraisal is often subjective. The two points shown on the slide represent a critical step in the process. Some reviewers want a checklist of factual content, but the true essence of a good review is more subjective. Ideally, the reviewer provides an analysis of the work product.

The appraiser must also meet all industry standards for their work product.

## **Review Appraiser Responsibilities**

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- Examine analysis and presentation of data
- Assure requirements are met
  - §24.103 (a)(2)(i) – (v)
- Assure the definition of an appraisal is met
  - §24.2(a)(3)



Key Message: These are the regulatory minimums for a review.

Instructor Note:

The first bullet is tied to the definition of an appraisal. The second and third bullets are tied to specific regulatory requirements. Participants should locate these in their set of regulations. These are the delineated responsibilities as set out in the Federal regulations.

If there are appraisers in the audience or persons with extensive appraisal experience, it may be useful for the instructor to point out that some of the requirements found in 24.103 exceed those typically encountered by real estate appraisers. For example, prior sales of the subject must be reported for a five year history instead of the standard in the private market of three years; also comparable sales must be personally verified with a participant of the transaction, not a data base service.

The reviewer must also make sure that the definition of an appraisal is achieved.

## Findings of Review Appraiser

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§ 24.104 (a) requires the Review Appraiser to classify each appraisal as one of the following:

- Recommended as the basis of Just Compensation
- Accepted but not used as basis of Just Compensation
- Not Accepted, does not meet all criteria



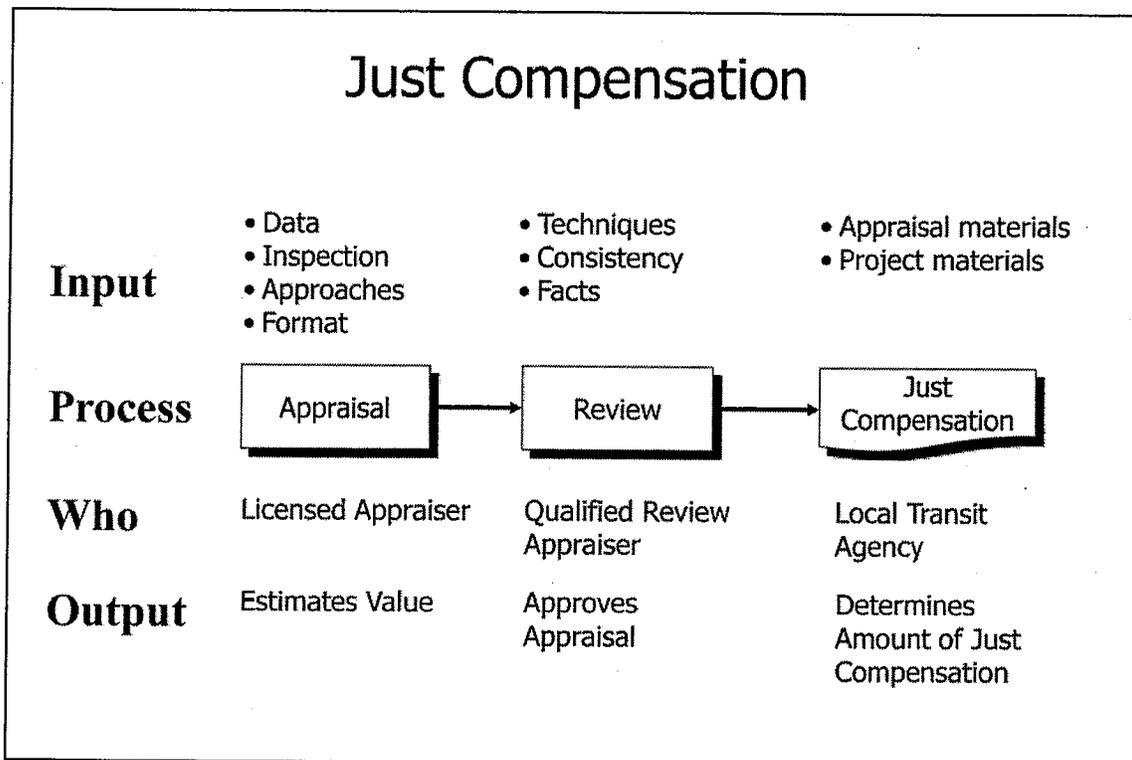
**Key Message:** The regulations require the Review Appraiser to classify each appraisal in one of three categories.

**Notes:**

These are the only three options permitted under Federal regulations:

1. Recommended, the appraisal is acceptable and recommended as the agency's basis of Just Compensation;
2. Accepted, however the appraiser disagrees with certain aspects of the appraisal and recommends an alternate value
3. Not Accepted, the appraisal has deficiencies and should not be used as the basis of Just Compensation. When the reviewer finds errors, he/she will typically seek corrections from the appraiser.

All appraisal encountered will fall into one of the categories. An unacceptable appraisal should be returned to the appraiser with specific items identified as inadequate. When the reviewer finds errors, he/she will typically seek corrections from the appraiser and it is acceptable for the two parties to discuss the matter.



Key Message: Depiction of the process leading to Just Compensation

**Instructor Note:**

The slide is a summary of the mandated regulatory process that must be used in FTA work, and also provides a good summary and review of the entire valuation process mandated by the Uniform Act. Use this chart to walk the participants through the inputs and outputs. This will be further emphasized in the Learning Activity that follows. T

he instructor should walk the participants through the graphic illustrating the inputs and outputs. The slide is a summary of the mandated regulatory process that must be used in FTA work.

This will be further emphasized in the Learning Activity that follows.

This is a good summary and review of the entire valuation process mandated by the Uniform Act.

## Learning Activity 4a Appraisal Review Checklist

### Definition items:

- Written statement
- Independently and impartially prepared
- Qualified appraiser
- Defined value
- Adequate description
- Date of valuation
- Presentation and analysis of market data

### Criteria:

- Adequate description including remainder; with a realty/personality report
- Title report / encumbrances
- Highest and best use / present use
- Five year sale history
- Relevant and reliable approaches to value
- Description of comparable sales
- Value of the real estate to be acquired
- Effective date of valuation; actual date of appraisal; signature and certification

## **FTA Experience**

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- Grantees do not properly utilize the Reviewer
- No Appraisal Review
- Lack of quality in review process
- Lack of knowledge of what the task is



Key Message: FTA has identified weaknesses in the Appraisal Review Process.

Notes:

Some grantees view the review process as a required step and don't see the full benefit.

The review is an regulatory requirement.

The reviewer should be a valuation consultant to the agency. The reviewer may work with the parcel appraisers to assure an appropriately documented appraisal, although the reviewer should not influence value.

The reviewer must understand the scope of their task and have the technical capacity to implement it.