

Appraisal Review Process Is Outlined

By Floyd Wise

Right-of-way is one of the few "items" that must be acquired by a governmental agency without the competitive bidding process. Expenditures totaling many millions of dollars are made each year for right-of-way solely on the basis of good judgment, which is properly supported by research, knowledge and experience in land acquisition.

Because of the amounts of money involved, the public and governmental agencies are becoming extremely conscious of the need for a completely adequate valuation process that will guarantee protection of the rights of the individual landowner and the taxpayer's investment in the public project.

It is the responsibility of the Reviewing Appraiser to ascertain that this valuation process, as prescribed in writing by the agency, has been properly applied in determining the value of each parcel to be acquired. The Reviewing Appraiser must be sure that the agency is in a position to support and defend, through adequate documentation, the final valuation figure that is offered to the landowner.

The individual reviewer must serve as a buffer between his organization and any person or agency which may doubt that an adequate valuation process has been used either in individual cases or as a general practice. He must also defend the final approved valuation/damage figure assigned to any parcel reviewed by him, if it is challenged as being incorrect, inadequate or excessive.

In general, the Reviewing Appraiser must be a shield to protect the agency from criticism concerning the valuation process used in establishing values and the payments made for the purchase of right-of-way.

To enable the reviewer to properly accomplish his mission, he must assume three primary responsibilities. These are: To determine that the appraised value of any parcel assigned to him for review is fair to all concerned; to ascertain that the documentation in the valuation file is ade-

quate to support and defend the approved purchase price that is assigned to every right-of-way parcel; and to see that the standards and requirements for appraisal work, as set out by the acquiring authority, are complied with in an acceptable manner.

A secondary duty of the reviewer is to contribute in every way possible to the education and development of appraisers. No one will be in a better position to discover errors, weaknesses and misunderstandings concerning proper appraisal procedure on the part of the individual appraiser, than the Reviewing Appraiser. Conscientious effort on the part of the reviewer in helping the appraiser recognize and overcome his deficiencies will pay substantial dividends by enabling him to submit appraisals in the future that can be reviewed in a timely manner and which will not require corrective action.

Sometimes it is necessary for a Reviewing Appraiser to discuss an appraisal with a staff or fee appraiser or to reject the appraisal. Circumstances in which these situations may occur will be discussed in this article in light of procedures and practices which can be followed when the reviewer finds the original appraisal to be deficient, inadequate or in error.

Appraisal revision and rejection are undesirable actions, and the causes of these actions should be prevented, if possible. Before I discuss actual rejection procedures, I will briefly cover some preventive measures that should be taken.

Standards And Requirements

Appraisers must know what is expected of them by the agency or department for whom they are working. Every acquiring agency should have standards of quality and specific requirements for appraisal work. These standards and requirements should be set out in detail as written instructions or in a manual. The instructions must be made available and explained to the appraiser before his assignment to the project.

For the benefit of both the appraiser and the acquiring agency, care should be taken to assure that the appraiser understands what is expected of him and what information must be contained in his appraisal before it will be considered adequate and acceptable. Group instruction for fee appraisers, as well as staff personnel, is desirable so that appraisal requirements are interpreted correctly.

A reviewing appraiser must also meet minimum standards with regard to his ability, training, experience and knowledge in his field. The reviewer should be a well qualified, informed and proven real estate appraiser. It is preferable that the reviewing appraiser have a more thorough and complete understanding of the appraisal process than the average appraiser. He must be knowledgeable of the appraisal requirements within his agency and he can supplement his knowledge and experience with formal education in the appraisal field.

Enforcement

Enforcement of the requirements concerning appraisal preparation must be consistent and fair. The reviewer must guard against claims of preferential treatment. It is desirable that the Appraisal Contract be properly worded to clearly specify that the appraisal signature on the contract, or letter of acceptance, indicates that the appraiser understands the acquiring agency's instructions and requirements for appraisal work and that he agrees to comply with these. A policy of withholding payment of fees until the appraisal is approved by the reviewing authority helps to enforce the requirements.

Understanding

Appraisers must understand the taking. Sometimes an appraiser will begin a project hastily, especially when partial takings are involved, without understanding the actual physical changes that will be made in and around the subject. Assumptions concerning grades, exact location of right-of-way lines, depth of cuts and fills, can lead to errors which in the end may lead to revision or rejection of the appraisal.