

Agency appraisal review

by David Cavanaugh

Those "glory days" of full staffing by experienced appraisers with extensive training have long past. Agency reorganizations and reductions in staff have forced consolidation and absorption of appraisal functions into larger divisions. Today's review appraiser must become an active participant in improving and managing the appraisal process.

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The opinions and views expressed in this article are those of the author and do not necessarily represent the policy of the U.S. Department of the Interior or the Bureau of Land Management.

Introduction

The Government appraisal review process has been important in assuring sound application of professional standards. However, the role and stature of the review appraiser has gradually changed. This is a result of several factors: criticism that the review process is slow, antiquated, inhibits adoption of new improved appraisal methods, fails to improve the quality or reliability of the fair market value estimate, and needlessly imposes excessive standards. Other critics argue that many appraisals are biased, often do not make sense, and are little more than "file stuffers," routine forms prepared to satisfy procedural requirements. These criticisms reflects a

a reluctance to change, to increase efficiency and improve the quality of appraisal service in meeting user requirements. This article reinforces the importance of the government review appraiser, describes actions taken by agencies to improve procedures establishing fair market value, and suggests an initiative to improve government-wide appraisal standards.

Background

Many of today's attitudes concerning the appraisal review process were developed during the 1960's and early 1970's when government programs were expanding. During this period, acquisition agencies were fully staffed and trained to handle large workloads. Formal training instilled standard, detailed report writing requirements designed to enhance professionalism. The review appraiser was responsible for upholding these standards. A major accomplishment of this period was implementation of ethical and documentation standards which improved the integrity of the agency's appraisal process.

Those "glory days" have long past. Agency reorganizations and reductions in staff have forced consolidation of various functions, and resulted in absorption of the appraisal function into larger divi-



sions. Accompanying this change has been the loss of experienced personnel, mostly through retirement. During this time few agencies have been able to fill vacancies, institute career training programs, or provide developmental assignments or formal training for those replacing more experienced appraisers.

Although the role of the review appraiser is important, agencies have made efforts to streamline the appraisal process to improve efficiency. Changes that land holding agencies have made include delegating greater approval authority to operational levels, filling vacancies at lower grade levels, increasing use of cost effective appraisal methods such as market surveys and short form appraisals, and using more private fee appraisers. Consequently, the review appraiser has a more difficult task, requiring them to be a more efficient manager of the appraisal review process.

Role of the review appraiser

The review appraiser is primarily responsible for the quality of the agency's appraisals. The reviewer establishes acceptable appraisals consistent with professional and agency standards. Working with staff and private fee appraisers, the reviewer provides guidance and advice for preparing appraisal

reports, and if necessary, insists on compliance with those standards.

Leadership in decision making

From procurement of the appraisal, to review and approval, the review appraiser participates in decisions involved with defining the appraisal assignment, scheduling, selecting the appraiser, and if applicable setting contractual provisions, all of which affect the quality of the appraisal report. When issues arise, the reviewer is then able to confidently explain potential problems, and provide reasonable options for solution. Under these circumstances, it is the role of the reviewer to assure that staff and private fee appraisers are not unduly influenced by management or program pressures.

To assure a prominent role in agency decision making, the government review appraiser actively participates as a team member. Along with providing advice and guidance on a wide range of real estate issues, the reviewer examines the appraisal report and recommends to the designated authorized official an amount which represents the agency's determination of fair market value. The reviewer's written analysis considers the validity of various assumptions relied upon by the appraiser, the applicability of appraisal techniques used, and the reliability of the appraisal report in estimating fair market value. This written analysis provides essential information to managers, staff members, and private individuals affected by the agency's decisions.

Many agency senior reviewers have a demonstrated record of professional achievement including appraisal designations and attendance at recognized appraisal seminars and courses. At many agencies senior reviewers have successfully completed a minimum of two appraisal training courses sponsored by a nationally recognized professional organization, and have a minimum of 5 years of varied appraisal experience. Involvement in professional organizations allow reviewers and appraisers to continually reshape what is "generally acceptable," and influence decisions concerning a wide range of contemporary issues including professional ethics, certification, licensing, and cash equivalency.

Multilevel reviews

To speed appraisal review many agencies have discarded, or modified the multilevel review process. Although some agencies still retain levels of review authority based on dollar limits, several have delegated greater authority to lower levels which has improved lower level review, and reduced delay.

The Bureau of Land Management (BLM) has delegated full responsibility to the field offices for preparation, review and approval of appraisals. Since 1983, separate, concurring reviews of high value appraisals are no longer necessary. This reflects the Agency's complete dependence on the capability and integrity of the State BLM Chief Appraisers.

Although there was considerable disagreement as to the wisdom of this change, the transition has been generally smooth. Elimination of higher level reviews has improved appraisal service, reduced cost, eliminated "second guessing," and placed responsibility at the operations level. Higher level review is

extremely limited to avoid undermining the responsibility of the State Chief Review Appraiser. To evaluate compliance with government-wide standards, periodic reviews are conducted of state office procedures establishing fair market value.

Appraisers as negotiators

Agencies may increase their private property. Recently published uniform regulations applicable to most Federal agencies and agencies receiving Federal assistance allow appraisers to negotiate approved appraisals up to \$2500. This change was made to assist small agencies unable to maintain separate appraisal and negotiation staffs. The final rule states:

No appraiser shall act as a negotiator for real property which that person has appraised, except that the Agency may permit the same person to both appraise and negotiate an acquisition where the value of the acquisition is \$2500, or less. Uniform Relocation Assistance and Real Prop-

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