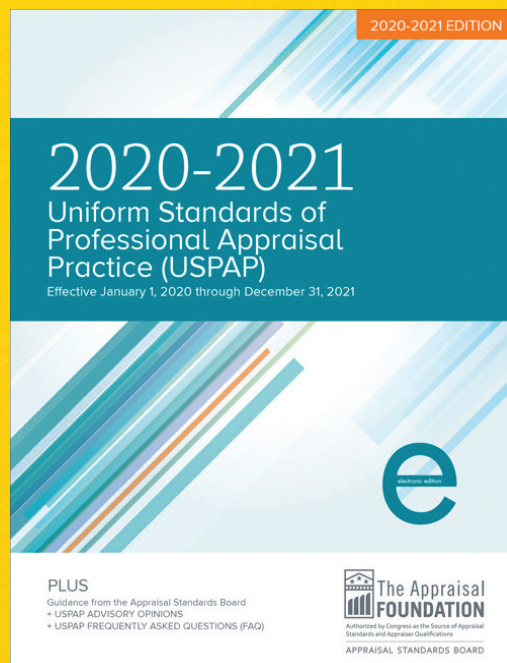


This article discusses the Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book), more specifically Section 3, Appraisal Review. Yellow Book reviews are intended to ensure that appraisals used by the government in its land acquisitions are credible and reliable and have been developed and reported in an unbiased and objective manner following applicable standards, laws, regulations and agency policies.

Yellow Book appraisal reviews take the form of administrative reviews (performed by non-appraisers and appraisers) and technical reviews (performed only by qualified appraisers).

Guiding the Appraisal Process

In the acquisition of real property, the federal government's objective is to protect the public interest and provide fair treatment of property owners. To ensure fairness and justice, the Yellow Book guides the appraisal process in the determination of market value that forms the basis of just compensation. The Yellow Book establishes the performance standards, sets forth the legal authority on which the standards are based and provides guidance on valuation methods.



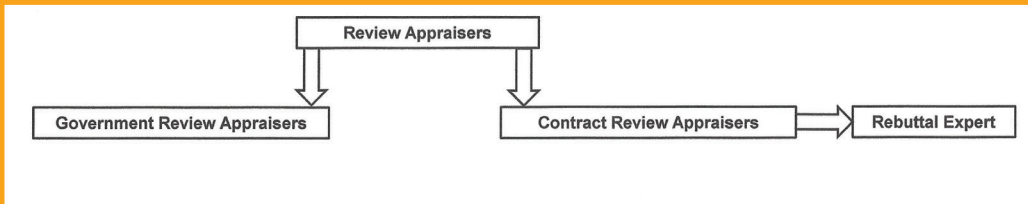


APPRAISAL REVIEWS and Review Appraisers

Under the Uniform Appraisal Standards for Federal Land Acquisitions

BY DAVID LAYNE, SR/WA

Review Appraisers



According to the Yellow Book, the “appraiser’s function is to assist ... in (the) determination of just compensation by furnishing an opinion of market value.” The review appraiser’s role is to examine the appraiser’s data presentation and analysis to confirm they support the appraiser’s conclusions.

The Yellow Book follows the appraisal process in Appraisal Development and Appraisal Reporting, Sections 1 and 2, as well as Appraisal Review, Section 3. They parallel The Appraisal Foundation’s Uniform Standards of Professional Appraisal Practice’s (USPAP) Real Property Appraisal Development and Reporting Standards 1 and 2 and Appraisal Review Development and Reporting Standards 3 and 4.

Review Appraisers

The Yellow Book provides for two categories of review appraisers: government review appraisers and contract review appraisers (of which rebuttal experts is a subset). While not an absolute requirement for government review appraisers, contract review appraisers must be state licensed or certified under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).

Government Review Appraisers

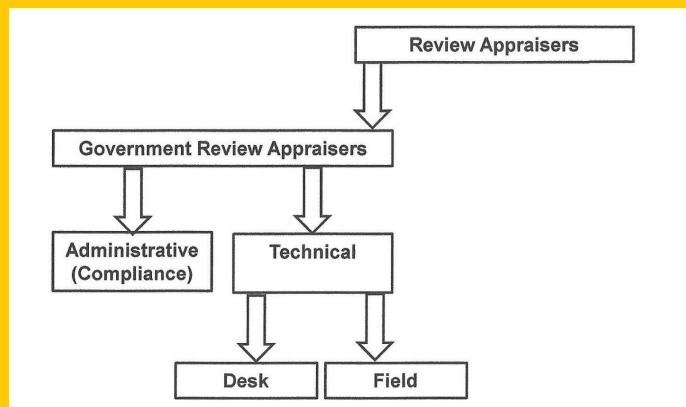
The Yellow Book prescribes two distinct review tasks for government review appraisers: administrative (compliance) reviews and technical reviews. Government review appraisers and non-appraisers may complete administrative reviews. Only qualified review appraisers may complete technical reviews.

The content and scope of administrative reviews vary with the intended user and intended use of the administrative review. The administrative (compliance) review may verify calculations and the accuracy of the market, subject and comparable data. The administrative reviewer does not form an opinion about the quality of the appraiser’s work or opinions of value expressed in the appraisal report.

Administrative reviews do not meet the technical appraisal review requirements of the Yellow Book, the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (Uniform Act) or USPAP Standards 3 and 4. However, when an appraiser completes a compliance review, they must comply with the parts of USPAP related to appraisal practice, specifically the Preamble, Definitions, Ethics Rule, Competency Rule and Jurisdictional Exception Rule. USPAP’s Advisory Opinion 21 states that “Within appraisal practice, there are some assignments that are addressed by the Standards. The Standards describe the requirements for appraisal or appraisal review assignments. However, the Standards do not apply in the performance of all appraisal practice services.”

The technical review appraiser develops and reports a credible opinion of the quality of another appraiser’s report, determining

Government Review Appraisers

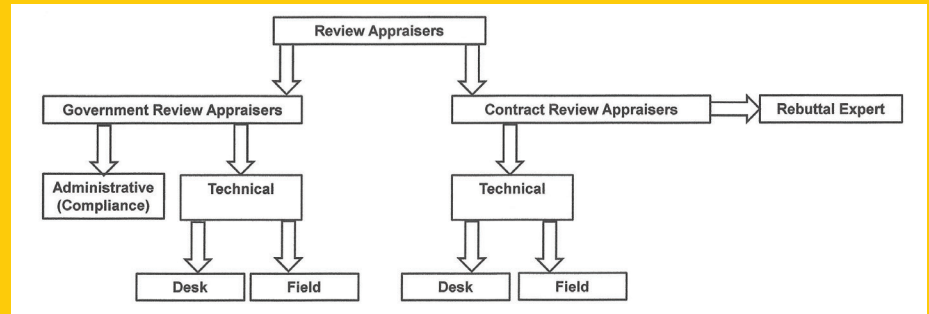


whether the opinion of market value is adequately supported and if it complies with Yellow Book Standards, Uniform Act regulations, USPAP's Standards 3 and 4, as well as agency policies, rules and regulations.

The Uniform Act regulations require the agency to establish minimum qualifications and competency for review appraisers. These qualifications include experience, education, training, certification/licensure, professional designations and other qualifications consistent with the assignment's scope of work.

Technical reviews may be either desk or field reviews. The most significant difference between the two is the level of investigation of the data presented in the appraisal report. In a desk review, the review appraiser limits the examination to the information and analysis presented in the appraisal report, which may or may not be independently confirmed. A field review provides the higher level of due diligence and requires at least an exterior inspection of the subject property and very often inspection of the comparable data. Usually, the data contained in the appraisal report is independently confirmed and the review appraiser may obtain additional market data.

Conclusion

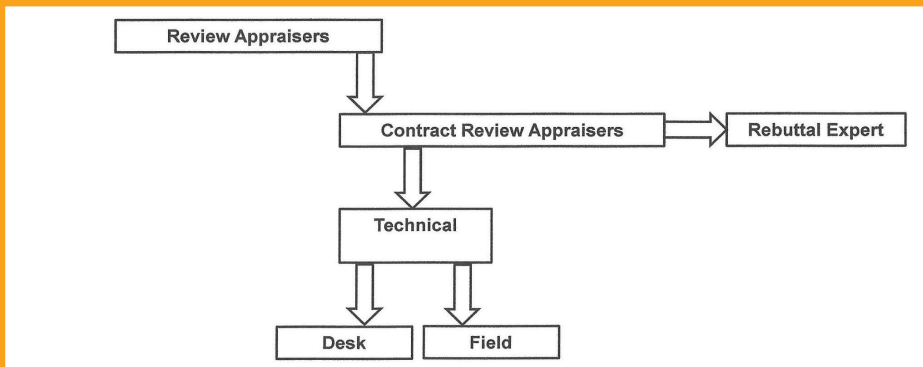


Some agencies have the authority to engage qualified contract review appraisers. Contract review appraisers have the same requirements regarding technical reviews as government review appraisers. Sometimes, the Department of Justice engages contract review appraisers as rebuttal experts. Rebuttal experts may review an appraiser's entire appraisal report or a specific element of a report (such as highest and best use analysis). In federal litigation, rebuttal experts must comply not only with Yellow Book and USPAP, but also the Federal Rules of Civil Procedure, particularly Rule 26(a)(2)(B).

Conclusion

The purpose of the Yellow Book's Section 3, Appraisal Review is to ensure that appraisals used by the government in its land acquisitions are credible and completed following appropriate standards, laws and agency policies. To help accomplish this purpose, Section 3 addresses appraisal reviews from two perspectives: reviews completed by government review appraisers and reviews completed by contract review appraisers. Government review appraisers and non-appraisers may complete administrative or compliance reviews. Only qualified review appraisers, government and contract, prepare technical appraisal reviews. 🌟

Contract review Appraisers and Rebuttal Experts



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