

LPA Appraisal Function Job Aid

Local Public Agency - Appraisal Responsibilities



- Identify and select qualified appraisers – appraiser and review appraiser
- Establish process for reviewing appraisals
- Ensure appraisals are completed and reviewed appropriately – use your review appraiser as a consultant to assist you (using Your Review Appraiser's Checklist at the end of this job aid)
- Review and approve the final appraisal report
- Establish an amount believed to be just compensation

Note: For your first project or a complex project, schedule a pre-appraisal meeting with your State DOT LPA coordinator and your appraisal and acquisition consultants to discuss the issues

Local Public Agency - Valuation Activities

1. Obtain survey and plans
2. Determine appraisal formats for the following types of acquisitions (and number of appraisals per acquisition)
 - Simple partial acquisitions (strip takings)
 - Simple total acquisitions
 - Complex acquisitions and before/after appraisals
3. Determine appraiser availability
 - Staff or fee
 - Residential or general qualifications
4. Identify the appraisal problem and write scope of work, taking into account;
 - Property ownership rights being acquired
 - Property encumbrances and pre-existing easements
 - Need for specialty appraisals (machinery, arborist, etc.)
 - Cost-to-cure situations
 - If partial acquisition, determine if items such as well or septic system is within take area
5. Determine highest and best use
 - Land viewed as if vacant
 - Contributory value of improvements
 - Possible transitional H&B use
6. Conduct data collection and analysis
 - Collect and verify data and comparable sales
 - Analyze data in relation to subject property
7. Prepare Land/Site Valuation
 - Identify the whole property, or larger parcel
 - Identify and address tenant owned improvements
 - Land is valued prior to consideration of improvements
 - Sales comparison approach typically used
 - If improved, identify realty vs. personalty
 - If before/after appraisal, identify additional after acquisition comparables
 - Develop Cost and Income approach, or explain why not applicable
8. Reconcile separate approaches to value, if appropriate

Local Public Agency - General Post-Valuation Activities

1. Help the review appraiser in thoroughly understanding the appraisal report
2. Discuss questions with the negotiator regarding the appraisal and the valuation process
3. Provide needed data to relocation personnel
4. Provide information to property management relating to highest and best use of the property
5. Serve as a resource to property management providing marketing ideas for disposing of the remainder if it is an uneconomic remnant
6. Assist with legal settlements and litigation (these activities may be performed by the appraiser and/or the review appraiser)
 - Consult on potential legal settlements if necessary
 - Appear as an expert witness in legal proceedings if necessary
 - Serve as a team member in helping to analyze a legal settlement
 - Participate in pre-trial conferences and selection of experts
 - Provide consulting regarding strengths and weaknesses of opponent's evidence
 - Discuss the theory of the case with the attorney to insure the adoption of a correct theory
 - Always consult with an attorney when preparing for discovery
 - Write answers to questions through written interrogatories
 - Produce all documents used in preparing the appraisal
 - Identify other experts or resources to complement your testimony

LPA Appraisal Function
Job Aid

Appraisal Scope of Work Criteria

- Does the Scope of Work require compliance?
 - Federal and State requirements
 - State DOT FHWA approved right-of-way or appraisal manual
 - The definition of an appraisal in 49 CFR 24.2(a)(3)

 - Does the Scope of Work specify property inspection requirements?
 - Give owner opportunity to accompany appraiser on inspection
 - Inspect neighborhood and project area
 - Inspect interior and exterior of subject improvements
 - Provide level of detail of physical characteristics

 - Does the Scope of Work address the following appraisal content requirements?
 - Property description, including floor plan, dimensions, photographs, location maps
 - Property rights to be acquired
 - Definition of value
 - Date of valuation and date of the report
 - Realty/personalty report
 - Observed or known encumbrances
 - Five-year sales history of the property
 - Highest and best use analysis of present use and zonings
 - Present and analyze relevant market information
 - Consider project influence in the appraisal report
 - Report opinions and conclusions
 - Intended use
 - Intended user
 - Required certification
 - Assumptions and limiting conditions
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LPA Appraisal Function
Duties and Responsibilities - Job Aid

Selecting an Appraiser and a Review Appraiser



Before hiring an Appraiser or a Review Appraiser:

- Consult with your State DOT to ensure both the Appraiser and Review Appraiser meet State DOT qualifications and are State certified or licensed
- Define the appraisal problem and select an Appraiser and a Review Appraiser based on the individual project or the complexity of parcels identified for the acquisition
- Consider the Appraiser and Review Appraiser's past eminent domain experience and quality of services provided to other clients

When selecting an Appraiser or Review Appraiser, check their:

- Education and credentials
- General & Geographic experience
- Property type experience
- Reputation and work ethic
- Court testimony experience
- Prior Agency experience

Appraiser's Responsibilities

- Attend pre-appraisal meetings with LPA and State DOT, if necessary
- Develop scope of work in coordination with LPA
- Write the problem definition
- Prepare a preliminary survey and plan
- Invite owner to property inspection
- Conduct physical inspection of property
- Conduct data collection and analysis
- Determine highest and best use
- Prepare land/site valuation
- Consider three approaches to value
- Conduct reconciliation
- Respond to questions/comments from review appraiser
- Submit correction to appraisal report
- Disclose any prior involvement with the subject property in the last 3 years

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Review Appraiser's Responsibilities

Review Appraiser's Pre-Appraisal Responsibilities:

- Participate as a member of the project development team to contribute expertise and improve the process through coordination
- Develop an appraisal complexity analysis
- Select an appraiser for the project
- Participate in pre-appraisal meetings
- Assist the Agency in the development of a scope of work

Review Appraiser Appraisal Responsibilities:

- Ensure appraisal compliance with the contract/assignment
- Communicate effectively with appraiser
- Review appraiser's findings
- Prepare review appraiser's report
- Review owner's appraisals, if applicable
- Recommend just compensation
- Establish just compensation, if Agency employee and authorized by Agency

Review Appraiser's Post-Appraisal Responsibilities:

- Negotiation
 - ' Assist acquisition agent with complex appraisal issues
- Relocation
 - ' Prevent double-payments during relocation
 - ' Provide carve-out calculations
- Property management
 - ' Establish economic rent
 - ' Provide data and market trends
- Settlement
 - ' Provide professional advice
- Litigation
 - ' Participate as a member of the litigation team (pre-trial conferences, selecting experts, consulting on strengths/weaknesses of evidence)
 - ' Assist in preparing for discovery (requests for admissions, written interrogatories, motions for producing documents, depositions)
 - ' Provide evidence consultation (discovering flaws in opponent's appraisal)
- Post-project review
 - ' Participate in project evaluation
 - ' Provide input for process improvements
- Provide appraiser evaluation, to be included in Agency appraiser database

Fee Review Appraiser's Responsibilities

Fee Review Appraiser's should

- Comply with the contract
 - Represent the Agency
 - Review the requirements in the same manner as for staff
 - Prepare estimate of market value for Agency approval
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Your Review Appraiser's Checklist

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| <p>Ensure The Appraisal Complies With The Contract</p> <ul style="list-style-type: none"> <input type="checkbox"/> Does the appraisal comply with the contract? <input type="checkbox"/> Was the contract developed based on the scope of work? (See page 2 of checklist) <input type="checkbox"/> Does the appraisal comply with both Federal and State appraisal requirements? <input type="checkbox"/> Was the appraisal completed on schedule and all milestones completion dates met? | <p>Ensure The Appraisal Addresses The Main Requirements Of 49 CFR Part 24</p> <ul style="list-style-type: none"> <input type="checkbox"/> Did the appraiser invite the owner or designated representative to accompany the appraiser on the property inspection? Is this documented? <input type="checkbox"/> What concerns did the property owner or representative express? Are they documented? <input type="checkbox"/> Does the appraisal separately address the tenant-owned improvements? <input type="checkbox"/> Was the tenant-owner given an opportunity to accompany the appraiser on the property inspection? Is this documented? <input type="checkbox"/> Does the appraisal clarify what is compensable and what is non-compensable? <ul style="list-style-type: none"> <input type="radio"/> Have damages occurred? <input type="radio"/> What was the impact of the taking on the remainder? <input type="radio"/> Did you measure the damage? <input type="radio"/> Does the report separate the identification of the damages? <input type="radio"/> Did you find any non-compensable damages included in the appraisal? <input type="radio"/> Did you request appropriate corrections? <input type="checkbox"/> Does the appraisal address all real property affected by the acquisition? <ul style="list-style-type: none"> <input type="radio"/> Does the appraisal consider all improvements? <input type="radio"/> Does the report appraise these improvements if they are impacted? <input type="radio"/> Does the report contain support and/or justification for not appraising the improvements? <input type="checkbox"/> Does the appraisal identify both real and personal property? <ul style="list-style-type: none"> <input type="radio"/> Is there a separate personal property report or list within the appraisal report? <input type="radio"/> Does the personalty report clearly delineate what the value estimate includes? <input type="radio"/> Is there a clear distinction between the personal and the real property? <input type="checkbox"/> If there is a potential uneconomic remnant situation, did the remainder suffer a loss of value? <ul style="list-style-type: none"> <input type="radio"/> Did you find all of the necessary data and analysis information in the report? <input type="radio"/> Do you need to gather more information before making your determination? |
| <p>Communicate with the Appraiser</p> <p>To communicate effectively with the appraiser, always remember these three points:</p> <ul style="list-style-type: none"> • Critique the report and not the person • Solve the problem • Obtain necessary corrections | |
| <p>Determine If Appraiser Used Proper Appraisal Methodology</p> <ul style="list-style-type: none"> <input type="checkbox"/> Does the whole property meet the test of unity of use, contiguity, and ownership, and if not, has the appraiser explained the rationale for determining the whole property? <input type="checkbox"/> Is the appraiser's opinion of highest and best use supported by market data? <input type="checkbox"/> Is the market data comparable to the subject, contain sufficient information, and appear to be properly verified? <input type="checkbox"/> Did the appraiser use and apply the three approaches to value correctly or explain the exclusion of one or more of the approaches. <input type="checkbox"/> Are the adjustments supported by market data or based on subjective reasoning? <input type="checkbox"/> Did the appraiser properly address the value of the partial acquisition and remainder? <input type="checkbox"/> Was project influence, if any, applied correctly? <input type="checkbox"/> Does the report use the proper compensation framework (Federal and State rules) for this jurisdiction? <input type="checkbox"/> Were the assumptions and limiting conditions made in the report reasonable? | |

Your Review Appraiser's Checklist

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| <p>Ensure The Quality And Accuracy Of The Appraisal</p> <ul style="list-style-type: none"> <input type="checkbox"/> Does the appraisal adhere to quality assurance principles? <ul style="list-style-type: none"> <input type="radio"/> Logical? <input type="radio"/> Consistent? <input type="radio"/> Mathematically correct? <input type="radio"/> Grammatically correct? <input type="radio"/> Clearly written? <input type="radio"/> Legally sufficient? <input type="checkbox"/> Does the appraisal contain any common mistakes? <ul style="list-style-type: none"> <input type="radio"/> Improper methodology? <input type="radio"/> Unsupported adjustments? <input type="radio"/> Data inconsistent with opinion of highest and best use? <input type="radio"/> Erroneous zoning assumptions? <input type="radio"/> Compensability issues? <input type="radio"/> Unsupported damage estimates? <input type="radio"/> Math errors? | <p>Prepare a Review Appraiser's Report</p> <ul style="list-style-type: none"> <input type="checkbox"/> Is the Review Appraiser's Report based on 49CFR Part 24? <ul style="list-style-type: none"> <input type="radio"/> Is it a written report? <input type="radio"/> Does it identify the appraisal report? <input type="radio"/> Does it document the findings and conclusions? <input type="radio"/> Does it identify damages? <input type="radio"/> Does it include a signed certification stating approved value? <input type="checkbox"/> Did you maintain and develop a comprehensive Review Appraiser's Report? <ul style="list-style-type: none"> <input type="radio"/> Does it discuss the strengths and weaknesses of the appraisal report? <input type="radio"/> Does it maintain a positive approach and avoid negativity? <input type="radio"/> Does it refer to the report and not the person? <input type="radio"/> Does it avoid imposing your opinion instead of the appraiser's? |
| <p>Verify All Conclusions Are Fully Supported</p> <ul style="list-style-type: none"> <input type="checkbox"/> Did you verify that the appraisal fully supports all conclusions? <ul style="list-style-type: none"> <input type="radio"/> Are the opinions expressed supported by relevant market data? <input type="radio"/> Have you fully evaluated the analysis, data, and conclusions? | <p>Review Property Owner Appraisals</p> <p>If you received a property owner's appraisal did you ...</p> <ul style="list-style-type: none"> <input type="checkbox"/> Consider the findings? <input type="checkbox"/> Subject it to the same review process? <p>Establish Just Compensation</p> <ul style="list-style-type: none"> <input type="checkbox"/> As a Staff Review Appraiser, did you develop and report the amount believed to be just compensation? <input type="checkbox"/> As a Fee Review Appraiser, did you establish an estimate of market value for Agency approval? |
| <p>Review Appraiser's Findings</p> <ul style="list-style-type: none"> <input type="checkbox"/> Not acceptable <input type="checkbox"/> Acceptable – meets all requirements but not selected as recommended or approved <input type="checkbox"/> Recommended – as the basis for the establishment of the amount believed to be just compensation <p>Appraisal Review Management Activities</p> <ul style="list-style-type: none"> • Reconcile consistency issues • Reconcile divergent values reconciliation • Provide assistance with project management review | <p><i>Sequence for the review of an appraisal report –</i></p> <p><i>If you completed your compliance review in a favorable manner, then you accomplished the following:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> <i>Reviewed preliminary scope of work</i> <input type="checkbox"/> <i>Read the appraisal</i> <input type="checkbox"/> <i>Checked for compliance with regulations</i> <input type="checkbox"/> <i>Assessed comparability and accuracy of data</i> <input type="checkbox"/> <i>Assessed methodology, judgment, and conclusions</i> <input type="checkbox"/> <i>Assessed quality and accuracy of the report</i> |