

## **RCO Review Appraisal Assignment Instructions for Grant Funded Projects**

*This is a list of review appraisal assignment instructions for use by RCO project sponsors when hiring a review appraiser for an RCO funded acquisition project. These are minimum conditions and instructions the RCO project sponsor should include in the solicitation for hiring a review appraiser to ensure that the appraisal review document meets RCO requirements and fulfills its intended purpose. This list is not meant to be a comprehensive list, but includes pertinent information to assist the contractor in his preparation of an appropriate scope of work for the appraisal review assignment. The project sponsor should feel free to add additional information and instructions as deemed necessary to ensure the development of a credible work product.*

*RCO project sponsors should include the following instructions in any review appraisal solicitation:*

### **1) Assignment Description**

- a) Provide a description of the appraisal review assignment and the property subject to the appraisal. State whether the original appraisal is for fee simple interest in the property or for less than fee simple rights and describe all reservations.
- b) Indicate whether the appraisal review assignment is for a technical desk review or a technical field review. Administrative reviews are not acceptable.
  - i. A field review includes physical inspection of the appraised property and primary comparables sales and is required by RCO if the value of the property acquisition is \$250,000 or greater.
  - ii. For property acquisitions valued at less than \$250,000, the option to require the review appraiser to conduct a physical inspection is at the discretion of the project sponsor.
- c) State the purpose of the review assignment and intended use of the appraisal review report.

### **2) Property and Appraisal Information**

- a) Legal Description – Include the legal description from the preliminary title report.
- b) Property Information – Include the parcel number(s), acreage to be acquired, and a map.

- c) Original Appraisal Solicitation – Include a copy of the original appraisal solicitation letter and RCO Instructions so the review appraiser can review the performance of the appraisal.
- d) Ownership and Occupant Information – Include any information you have about the current ownership of the property and any tenants. Note other adjacent property under the same ownership if the acquisition is for less than the entire ownership.
- e) Preliminary Title Report – Provide a copy of the preliminary title report with existing easements and encumbrances (if a copy is not included in the original appraisal report).
- f) Special Property Characteristics – Identify or describe any special attributes or conditions affecting the property (i.e. threatened or endangered species, geologic hazards, etc.).

### **3) Appraisal Review Criteria**

- a) Client – The client must be the recipient of RCO grant funds. It cannot include the landowner or other third party unless approved by RCO.
- b) Intended Users – The intended users must include the client and RCO.
- c) Intended Use – The intended use must include a statement regarding the voluntary acquisition of the identified property.
- d) Appraisal Standards – The appraisal review must be conducted in compliance to the same standards used by the original appraisal. Instruct the review appraiser that the review is required to comply, at a minimum, with the *Uniform Standards of Professional Appraisal Practice (USPAP)* and applicable requirements specified in RCO's *Manual 3, Acquisition Projects* (December 2010).
  - i. UASFLA – If the acquisition is to be funded with an RCO administered federal program grants, the review appraiser must also comply with the performance and reporting requirements of the *Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA)*.
  - ii. Land and Water Conservation Fund (LWCF) projects only – If the project is to be funded in the LWCF program, include a copy of *Chapter 4, Section of the Land and Water Conservation Fund*

*Assistance Program Manual* (October 2008) and instruct the review appraiser to follow any applicable requirements.

- e) Date of Value – This should typically be the same as the original appraisal unless otherwise instructed or justified.
- f) Report Format – The appraisal review report should be prepared in a narrative format.
- a) Report copies – Specify the number of printed copies of the appraisal report that the review appraiser will be required to submit. Provide an electronic copy of the final report to RCO at the conclusion of the appraisal review process.

#### **4) Review Appraisal Instructions**

- a) Encumbrances – Include encumbrances from the preliminary title report and instruct the review appraiser to address whether any of the encumbrances would impact the market value of the property.
- b) Extraordinary Assumptions – The reviewer must note any extraordinary assumptions in the appraisal and make a determination as to their reasonableness.
- c) Hypothetical Conditions – The reviewer must note any hypothetical conditions in the appraisal and make a determination as to their reasonableness.
- d) The reviewer is tasked to develop an opinion regarding:
  - i. The completeness of the material under review;
  - ii. The apparent adequacy and relevance of the data and the propriety of any adjustments to the data;
  - iii. The appropriateness of the appraisal methods and techniques and develop the reasons for any disagreements;
  - iv. Whether the analysis, opinions, and conclusions are appropriate and reasonable and develop the reasons for any disagreements; and
  - v. Whether the appraisal is compliant with the applicable standards.

- e) The reviewer is to provide a recommendation in accordance with one of the following options:
- i. Approval – The appraisal is compliant with the applicable standards and the stated opinion of value is a reliable basis for establishing an offer of just compensation; OR
  - ii. Acceptance with a Revised Value Opinion – The appraisal is compliant with the applicable standards, but the stated opinion of value is not a reliable basis for establishing an offer of just compensation. The reviewer formulates a value opinion based upon adjustments or corrections to the information and analysis contained in the appraisal and/or new information is readily available to the review appraiser within the scope of the original appraisal assignment; OR
  - iii. Rejection – The appraisal is substantially not compliant to applicable standards and the reviewer is unable to formulate a revised opinion of value from the information available.

#### **5) Review Appraiser Qualifications**

- a) Level of Licensure – The review appraiser must have the commensurate level of state licensure as the original appraiser and be applicable to the appraised property type. RCO strongly recommends that the principal review appraiser be a State Certified General Real Estate Appraiser for all complex property types and partial acquisitions (i.e., license number begins with 270-11).
- b) Competency – The review appraiser should indicate to the project sponsor as part of his fee quote proposal their competency in appraising or reviewing appraisals of a similar property type to that being appraised. Demonstration of competency must also be included in the review appraisal report.
- c) UASFLA training – If conducting an appraisal review to UASFLA standards, the reviewer must identify his experience and qualifications for conducting an appraisal to meet these standards. The RCO recommends the appraiser provide evidence of recent training (within the past 5 years) in the UASFLA standards.

**6) Attachments to Solicitation**

- a) Preliminary title report
- b) Section 5 of RCO Manual 3: Acquisition Projects (December 2010)
- c) Other supplemental standards (i.e., LWCF program rules, matching fund rules, etc.)
- d) Provided upon contract award only: Copy of the original appraisal report when completed.