

APPRAISAL REVIEW INSTRUCTIONS

This is a list of review appraisal assignment instructions for use by applicants and recipients when hiring a review appraiser for an OCB-funded acquisition project. These are minimum conditions and instructions the applicant/recipient should include in the solicitation for hiring a review appraiser to ensure that the appraisal review document meets Ecology requirements and fulfills its intended purpose.

This list is not meant to be a comprehensive list but includes pertinent information to assist applicants and recipients in preparation of an appropriate scope of work for the appraisal review assignment. The applicant/recipient should feel free to add additional information and instructions as deemed necessary to ensure the development of a credible work product.

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 Ecology 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 applicant/recipient.
- c) State the purpose of the review assignment and intended use of the appraisal review report.

Property Information

- a) **Legal Description** – Include the legal description from the preliminary title report. If only a portion of the ownership listed on the preliminary title report is to be appraised, clearly identify the area to be acquired in the property description.
- 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 Ecology 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, geological hazards, etc.).

Appraisal Review Criteria

- a) Client - The client must be the recipient of OCB grant funds. It cannot include the landowner or other third party unless approved by Ecology.
- b) Intended Users - The intended users must include the client, Ecology, and may also need to include other parties contributing funding to the transaction (i.e. land trusts, federal grant sources).
- 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. The required standards will vary depending upon whether the grant is funded with state or federal money, so refer to the Chehalis Basin Strategy Voluntary Acquisition Handbook for details.
- 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.
- g) Report Copies - Specify the number of printed copies (if any) of the appraisal report that the review appraiser will be required to submit. Provide an electronic (only) copy of the final report to Ecology at the conclusion of the appraisal review process.

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) Other Interests - The reviewer must note and comment on any other interests, such as a life estate, identified by the appraiser.

- e) Other Reports - If the original appraisal relies on a timber cruise, other special reports, or research to establish property value, those also must be reviewed.
- f) The reviewer must comment on whether the following conditions are met:
 - I. The appraisal is complete within the scope of work applicable and the appraisal assignment.
 - II. The appraisal met applicable appraisal standards.
 - III. The appraiser's extraordinary assumptions are reasonable and justified.
 - IV. The appraiser's hypothetical conditions are reasonable and justified.
 - V. The appraiser's consideration of encumbrances was satisfactory.
 - VI. The appraiser's data and adjustments are adequate and relevant.
 - VII. The appraiser's methods and techniques are appropriate.
 - VIII. The appraiser's analysis, opinions, and conclusions are reasonable.
- g) The reviewer must approve or reject the value conclusion in the original appraisal:
 - I. Approval - The appraisal is compliant with the applicable standards and the stated opinion of value is a reliable basis for establishing an offer or 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. In this case, the applicant/recipient must either instruct the review appraiser to establish a new property value or obtain a new appraisal.

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. Ecology strongly recommends that the principal review appraiser be a State Certified General Real Estate Appraiser for all complex property types and partial acquisitions.
- b) **Competency** - The review appraiser should indicate to the applicant/recipient as part of their 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 their experience and qualifications for conducting an appraisal to meet these standards. Ecology recommends the appraiser provide evidence of recent training (within the past 5 years) in the UASFLA standards.

Attachments to Solicitation

- a) Preliminary title report
- b) Section 5 Appraisal Requirements
- c) Other supplemental standards (i.e., program specifics, matching fund rules, etc.)
- d) Provide upon contract award only: Copy of the original appraisal report when completed.