

CHAPTER 9
APPRAISAL REVIEW

- 9.01 DESIGNATION AND QUALIFICATIONS OF REVIEW APPRAISERS
 - A. NEBRASKA DEPARTMENT OF ROADS
 - B. LOCAL POLITICAL SUBDIVISIONS
- 9.02 SELECTION OF CONSULTANT REVIEW APPRAISERS, CONTRACTS AND FEE
- 9.03 OBJECTIVES OF REVIEW
- 9.04 PRELIMINARY OFFICE CHECK OF APPRAISALS
- 9.05 PROJECT BASIS REVIEW
- 9.06 REVIEW OF MULTIPLE APPRAISALS
- 9.07 FIELD INSPECTION OF APPRAISED PROPERTIES
- 9.08 FIELD INSPECTION OF COMPARABLES
- 9.09 REASONABLENESS OF HIGHEST AND BEST USE, BEFORE AND AFTER
- 9.10 VERIFICATION OF COST AND INCOME DATA
- 9.11 PROPER CONSIDERATION OF BENEFITS AND DAMAGES
- 9.12 WAS TECHNIQUE OF ABSTRACTION PROPERLY APPLIED?
- 9.13 WERE PROPER APPROACHES TO VALUE USED?
- 9.14 SUFFICIENCY OF SUPPORT AND REASONING TO JUSTIFY CONCLUSION
- 9.15 REQUESTS FOR ADDITIONAL DOCUMENTATION
- 9.16 RESOLVING APPRAISAL DIVERGENCIES
- 9.17 ADMINISTRATIVE REVIEW
- 9.18 FEDERAL PARTICIPATION
- 9.19 COORDINATION WITH LEGAL COUNSEL

CHAPTER 9

APPRAISAL REVIEW

9.01 DESIGNATION AND QUALIFICATIONS OF REVIEW APPRAISERS

A. NEBRASKA DEPARTMENT OF ROADS

Appraisers assigned to appraisal review by the Chief Appraiser and subject to the approval of the Right of Way Manager are designated as Review Appraisers. Review Appraisers are usually selected from the staff appraisers of the Right of Way Division on the basis of observed performance. The Right of Way Manager must depend upon the Review Appraiser for establishing values that adequately compensate the owner and at the same time protect the taxpayers' interest.

Designation of the Review Appraiser should be based on the following desirable qualifications.

They must be a thoroughly qualified appraiser with formal appraisal training, extensive appraisal experience, and preferably, court experience. Assignments should be made primarily in the areas of the reviewer's broadest experience. The demands of working cooperatively and productively with both staff and fee appraisers require the Review Appraiser to be professionally well qualified. Criticisms, questions, suggestions, and corrections have greater validity and are more readily acceptable to the appraiser when made by a professional equal.

Other desirable experience includes buying, selling, and management of property; college training in business administration, law, or engineering, or continuing education in the real estate field; and as a government employee at management level.

The Review Appraiser is in a position of great responsibility, and public trust. It must be filled by a person of judgment, tact, and integrity.

The qualifications of a Review Appraiser must be, at a minimum, equal to those of an Appraiser III. In those instances when a Consultant Review Appraiser is used, he/she must be a Certified General Appraiser and previously prequalified themselves for inclusion on the Department's "Roster of Qualified Appraisal Reviewers."

B. LOCAL POLITICAL SUBDIVISIONS

1. Local political subdivisions maintaining a Section or Staff trained and assigned to provide the Right of Way Function as defined in Chapter 1, Paragraph 1.03 of this manual, shall assign their best qualified staff appraiser to appraisal review duties as needed. This person will be empowered to review and establish "Just Compensation" on appraisals designated as "Compensation_Estimates", and "Short Form Appraisals" of less than \$50,000.00. Other appraisals should be referred to the Department of Roads for review. An alternate action is to retain the services of a qualified Consultant Review Appraiser.

2. Local political subdivisions not maintaining a Right of Way Section or Staff shall empower their highest ranking elected or appointed official, such as Chairman of the County Board of Supervisors, Chairman of the County Commissioners, City Manager or Mayor, to approve appraisals designated as "Compensation Estimates". Other appraisals should be referred to the Department of Roads for review. Utilization of a qualified Consultant Review Appraiser is an acceptable alternate.

9.02 SELECTION OF CONSULTANT REVIEW APPRAISERS, CONTRACTS AND FEE

When an appraisal is advanced to the "review" stage, a determination is made by the Chief Appraiser and Right of Way Management, whether to assign it to a Staff Review Appraiser or retain the services of a Consultant Review Appraiser. This determination is based on the staff's workload, complexity of the appraisal problem, or when an outside opinion is desirable or necessary.

In those instances requiring the services of a Consultant, the Chief Appraiser makes an estimate of the consulting fee. The factors considered in estimating the fee are:

- A. Number and type of appraisals to be reviewed.
- B. Type of acquisition from property appraised.
 1. Total taking
 2. Damage to remainder of property
 3. Uneconomic remainders
 4. Strip takings
- C. Leasehold Interests
- D. Type of improvements and amount of land being acquired
- E. Time being allowed consultant to complete assignment
- F. Location of assignment

Along with the "fee estimate," a determination is made of which Consultant Reviewers are best suited for the assignment. Their availability for assignment is also confirmed.

Appraisal Review Consultants are retained by the Department of Roads based on a competitive "proposal" process in which prequalified Consultant Review Appraisers are invited by the Chief Appraiser to submit proposals of their fee to provide the requested service.

Consultant Review Appraisers' names are placed on a roster of "qualified review appraisers" by the Chief Appraiser based on their past record of performing satisfactory appraisal work for the Department, and/or by demonstrating his/her proficiency and ability conducting appraisal reviews for other entities with similar appraisal review requirements. (See [Approved Review Appraiser List.](#))

Written proposals of fee and date of assignment completion are usually obtained from three qualified review appraisers. In some instances proposals are obtained from less than three Consultants. The Right of Way Manager must waive this requirement. Reasons for making this waiver, include, but are not limited to, availability of consultant to meet Department's time schedule, consultant's unique knowledge or expertise concerning the appraisal problem or his/her location in relation to the site of the assignment.

Each review appraiser that is asked to submit a written proposal of fee and time is furnished our Appraisal Review Specifications for the services requested. See ([Attachment VVV\(R\).](#)) All those providing proposals will record their fee required for each tract and the total fee for the project on Appendix C of this attachment. In addition, they will also indicate the date they expect to start and complete the requested services.

Upon receipt of the fee proposal, a committee composed of the Chief Appraiser, Assistant Right of Way Manager and Right of Way Manager will determine who will furnish the required service. At this time a contract for appraisal review services (See [Attachment VVV\(R\)-1](#)) is prepared and presented to the reviewer for acceptance. After his/her acceptance it is forwarded to the Deputy-Engineering, through the Right of Way Manager, Agreements Engineer and Controller for the Deputy's acceptance and signature.

The administrative details concerning the start, progress, payment for, etc. of the services to be performed as per the contract are the responsibility of the Chief Appraiser.

A Staff Review Appraiser will evaluate Consultant Appraisal Reviews in the area of compliance of the contract, quality of work and adequacy of review. The Staff Review Appraiser has the responsibility of accepting or denying the consultant review. If found acceptable the Staff Reviewer can so designate by signing and dating the appraisal review. If found nonacceptable the Staff Reviewer will prepare letter stating reasons for nonacceptability and return the appraisal review to the Consultant Reviewer for correction, clarification, etc.

The Staff Review Appraiser has the responsibility of determining "Just Compensation" and the amount to be offered to the property owner. Therefore, the Department, through the Staff Review Appraiser, retains the responsibility of making the final determination of the amount to be offered as "Just Compensation".

The Staff Review Appraiser and the Chief Appraiser, as a team, evaluate the Consultant Review Appraiser's work product and performance for the purpose of making decisions pertinent to future assignments.

9.03 OBJECTIVES OF REVIEW

The total appraisal process is not completed until there has been an adequate review of the appraisals and a determination made as to whether or not the appraisals represent fair market value for the property under consideration and a reasonable estimate of just compensation due the property owner has been made. From the facts and conclusions found in the various appraisals and from his/her own knowledge and investigation, the Review Appraiser must be able to make logical and sound decisions as to that which represents fair market value for the property and reasonable and just compensation due the property owner.

The reviewing appraiser shall examine the appraisal reports to determine that they:

- A. Are complete in accordance with the Department's appraisal specifications.
- B. Follow accepted appraisal principles and techniques in the valuation of real property in accordance with existing Nebraska law and the Uniform Standards of Professional Appraisal Practice.
- C. Contain or make reference to the information necessary to explain, substantiate, and thereby document the conclusions and estimates of value and/or just compensation contained therein.
- D. Include consideration of compensable items, damages and benefits, and do not include compensation for items noncompensable under Nebraska law.
- E. Contain an identification or listing of the buildings, structures and other improvements on the land as well as the fixtures which the appraiser considered to be a part of the real property to be acquired.

The Review Appraiser is ultimately responsible for determining the existence of any tenant-owned buildings, structures, or other improvements and for determining that the recommended or approved estimate of just compensation contains the appropriate allocation of value to tenant-owned improvements.

- F. Contain the estimate of just compensation for or resulting from the acquisition, and where appropriate, in the case of a partial acquisition, either in the report or in a separate statement, a reasonable allocation of the estimate of just compensation for the real property acquired and for damages to remaining real property.

If, after analyzing the appraisals and making the necessary field investigations, including a visit to the subject property and comparables, he/she decides that the appraisal does not completely meet the requirements, then he/she should prepare a memorandum setting forth the deficiencies and recommend a course of action, which could consist of any of the following:

- A. Arrange through the Chief Appraiser a conference with the appraiser if he/she deems this appropriate to discuss deficiencies.
- B. Request and obtain, from the appraiser through the Chief Appraiser, corrections or revisions of appraisal reports which do not substantially meet the requirements set forth in the State's appraisal report specifications. These shall be documented and retained in the parcel file.
- C. Request that additional appraisals be prepared.

The objectives of review and the procedures to obtain those objectives are covered in greater detail in "An Informational Guide For Appraisal Review" issued by the AASHTO Committee on Right of Way and all reviewing appraisers and administrative personnel should become thoroughly familiar with the contents of that guide.

9.04 PRELIMINARY OFFICE CHECK OF APPRAISALS

The appraisals shall be logged in at the time they are received. The log shall identify the property by tract number and owner's name, state who the appraiser is, date appraisal received and the amount of compensation. Any supplements or revisions are similarly treated.

Each appraisal shall be "desk reviewed", by the reviewer, before making a field inspection. The reviewer shall examine all appraisals for mathematical errors in areas, names, basic assumptions, affidavits of the appraiser for completeness, sketches and plats, photos, etc. All computations should be checked.

The reviewing appraiser may supplement an appraisal report with corrections of minor mathematical errors where such errors do not affect the final value conclusion. He/she may also supplement the appraisal file where the following factual data has been omitted:

- A. Project and/or parcel number.
- B. Owner's and/or tenant's names.
- C. Parties to transaction, date of purchase and deed book reference on sale of subject property and comparables.
- D. Statement that there were no sales of subject property in the past five years.
- E. Location, zoning, or present use of subject property or comparables.

The reviewing appraiser shall initial and date his/her corrections and/or factual data supplements to an appraisal report.

9.05 PROJECT BASIS REVIEW

In order that Review Appraisers may more fairly and fully judge the appraisals for a project, a substantial number of appraisal reports should be forwarded to the Review Appraiser at the same time. This procedure will enable the reviewer to compare values, parcel by parcel, for an overall balance. This procedure applies particularly to properties of similar character in the same range of values.

9.06 REVIEW OF MULTIPLE APPRAISALS

All appraisals to be made for an individual parcel, shall be made available for review before fair market value is established. When two appraisals are made, and are being desk reviewed, special attention should be paid to whether there is a wide divergence in the two estimates of just compensation. If wide divergence is noted, the Chief Appraiser should be advised at once in order that determination can quickly be made as to the necessity for a third appraisal. Early arrangements for a third appraisal are necessary to avoid undue delay in completing right of way acquisition for a particular area on project.

In making the field review of a property where there is more than one appraisal, it is desirable to review all appraisals simultaneously in order to conserve time and permit easier comparison and for better recall of variations in arriving at a decision on an estimate of value.

9.07 FIELD INSPECTION OF APPRAISED PROPERTIES

Field reviews are an essential part of the review process, and these should include an examination of the entire project in the field. The Review Appraiser should first orient himself/herself and analyze the general neighborhood data, the comparables listed in the appraisal reports and others he/she has found through other sources, and the appraiser's reasoning used to arrive at his/her estimate of value.

The Reviewer should then inspect the subject property, including the interior of the improvements. It is desirable that such inspection of improvements be made in the presence of the owner or with their knowledge when an interior inspection is made. The date of inspection should be noted and recorded, together with the names of parties present or advised.

The reviewer should answer any questions that he/she properly can concerning procedure. He/she should not discuss value, since this is the function of the right of way negotiator who will subsequently contact the owner. A systematic, efficient, and complete inspection of the property may help assure the owner that full and individual consideration is being given them.

The reviewer while inspecting the property, may ask the property owner to point out any special items of construction or value that they feel should not be overlooked. This may help assure the owners that full consideration has been given to all items that they feel are important. In viewing the exterior of the property, they should note the trees, shrubs, and other on-site improvements.

9.08 FIELD INSPECTION OF COMPARABLES

After completing the inspection of the property being appraised, the Review Appraiser should personally field check and if not previously accomplished, verify any comparable sales. Each comparable sale should be personally inspected and an attempt made to view the inside of any improvements which were cited by the appraiser. Inquiry should be made to determine if any improvements have been added since the appraisal. If other sales data is available to the reviewing appraiser, which he/she feels is pertinent to the subject appraisal, he/she should also sift and compare it with the subject to the extent deemed necessary. He/she may wish to verify the price, area, terms, and condition of the sale of any comparable property with either the seller, buyer, or broker or other reliable source.

9.09 REASONABLENESS OF HIGHEST AND BEST USE, BEFORE AND AFTER

In all cases, the reviewer should inspect the present use of the property and determine its zoning, if any. He/she should analyze the highest and best use, as shown in the appraisal both before and after the taking, and satisfy himself/herself that the conclusion of the appraiser is correct and, if different from the existing use, that it is sound and properly supported.

When there is a remainder after the taking, it is necessary to determine the highest and best use of the remainder as well as the original property.

9.10 VERIFICATION OF COST AND INCOME DATA

Additional checks shall be made by the Review Appraiser if the cost or income approaches are used in evaluating the property. He/she should ascertain the reliability of the cost data used in the appraisal against current construction costs in the market or on the subject property. Checking with local builders or builders' supply firms provides data concerning current cost of comparable types of building materials. He/she should verify that the cost data used in the appraisal is for similar quality of structural components.

If the income approach is used, he/she should verify the economic rent on similar properties in the area and verify the interest rate of return in the vicinity for income properties of the subject type. He/she may deem it advisable to attempt to find typical operating statements for this type of property in the area. In the land residual technique, he/she must be assured that careful consideration was given to the improvement cost, age, income, and highest and best use. In the building residual technique, land value should have been well established in the market. If gross income multipliers were used in the income approach, the reviewer should check their reliability and effective range, as well as the rental sales used in computing these multipliers.

9.11 PROPER CONSIDERATION OF BENEFITS AND DAMAGES

In the case of partial takings, the Review Appraiser should make sure that the appraiser has given proper consideration to the measure of damages to remainders and to special benefits, if any. The reviewer should assure that no damages which are listed in Chapter 8 of the ROW Manual as noncompensable have been included in the difference between before and after values. All damage items which are included must carry with them a clear cut expression of the logic employed in making the damage determination.

By far, the greatest number of appraisal and appraisal review problems arise when partial takings are involved. Partial takings may be subdivided into four groups for discussion purposes as the required treatment varies with the complexity of the problem.

- A. Strip takings on widening of existing rural highways where the value of the remaining land far outweighs the value of land taken and there are minimal damages, if any, to remainders. The reviewer, however, should assure that items of damages have not been overlooked by checking the plans to note changes in grade, changes in drainage, alterations or modifications of driveways, application of access control, and provisions for fencing.
- B. Strip takings in urban areas for widening existing streets. This type of taking often results in problems of proximity damage, "cost to cure" items, landscaping damage, and nonconforming use.

1. DAMAGE

In the application of proximity damages to residences (or other improvements), it is highly important that the reviewer satisfy himself/herself that the damages are supported from local market data or local market reactions. Where severance damage studies are available in this type of taking they should be given thorough consideration by the reviewer.

2. COST TO CURE ITEMS

The Review Appraiser should take care that the cost of construction items such as retaining walls, sidewalks, driveways, and landscaping are not included as damage items in the appraisal.

3. NONCONFORMING USE

Wherever the remainder cannot be used in its remainder condition because of zoning or building regulations, the reviewer should obtain supporting documentation to the effect.

- C. Strip takings on widening jobs where improvements are taken. Review should make the same check as under A, and determine the adequacy of treatment of damages to improvements and the need for before and after values for the entire property.
- D. Partial takings of significant proportions leaving one or more remainders, with or without access.

This is the group in which the problems of greatest magnitude arise due to the many questionable areas of severance damages and benefits involved, real or speculative. In these situations the Review Appraiser will need to be familiar with the highway construction plans in order to evaluate the effect of the proposed construction on the remainder of the property due to such things as changed drainage, accessibility to fields, availability of operational area, and similar matters in order to properly evaluate after values.

The Reviewer must first assess the comparability of properties used to establish after values, as to similarity in areas such as irregular field lines, separation due to roads, railroads, and streams and to other physical features.

In the analysis of the difference between before and after values some of the elements to be considered in the matter of compensable and noncompensable damages include the following:

1. Economic Size

Adjustments by the Appraiser for economic size should not be arbitrary or speculative but established by adequate market data where possible.

2. Point Rows and Triangulation of Land Areas

Severance damages due to a diagonal taking resulting in point rows and triangulation may or may not be revealed in the market. It should be recognized, however, that often, particularly in widening jobs, the amounts are too small to be revealed in the market but loom large in the owner's thinking and are very real to them. In these cases caution should be exercised to avoid compounding damages.

3. Time Adjustment

Time adjustment should be uniformly applied and, if possible, be established from market data in the area. The use of statewide average changes, if several land uses are involved, may be questionable and should only be used if local data is not available.

4. Circuity of Travel and Additional Operating Cost Between Remainders

There has been much confusion in the interpretation and application of the term "Circuity of Travel" in distinguishing between compensable and noncompensable damage items.

The increased distances required to travel to local markets, schools, and social and cultural events result in costs or damages which are not compensable and should be eliminated if included in an appraisal.

When the taking leaves two or more remainders, the additional operating costs may be considered within the fair market value concept.

5. Change in Grade and Access

Severance damages due to change in grade, impairment of reasonable access, landlocking, etc., are appropriate for consideration generally, and the Reviewer should assess whether the Appraiser's conclusion was founded in the market.

6. Stock and Machinery Passes

The Reviewer should check whether damages mitigated by the stock or machinery pass have been eliminated from the Appraiser's estimate of damages and whether the estimated cost of the pass exceeds the damages, mitigated and, if so, how much. The Right of Way Manager should be advised of the amount that the cost exceeds mitigated damages, for a determination of the amount of the offer to be made if a pass were to be constructed.

As the Reviewer must assure himself/herself of the proper measure of compensable damages in the appraisal, he/she must also be alert to the possibility of special benefits accruing to the remainder property. Reference should be made to Section 8.16 for a discussion of special benefits. The Review Appraiser should be familiar with severance damage studies for reference material in this problem area.

As the Reviewer must assure himself/herself of the proper measure of compensable damages in the appraisal, he/she must also be alert to the possibility of special benefits accruing to the remainder property. Reference should be made to Section 8.16 for a discussion of special benefits. The Review Appraiser should be familiar with severance damage studies for reference material in this problem area.

9.12 WAS TECHNIQUE OF ABSTRACTING PROPERLY APPLIED?

The Reviewer should carefully check any appraising by abstraction. The technique of determining the amount of an unknown quantity when certain other quantities are known is

referred to in appraising or mathematics as "abstraction". Obtaining a desired value by abstraction is a useful and accurate technique if used properly in the appraisal process. Its accuracy, however, is entirely dependent on the accuracy of the known quantities also used in the processes.

The Reviewer should be certain that the Appraiser is not utilizing "building or improvement contribution" as an equalizer to make sales conform to his/her abstracted land prices. Building or improvement contribution should be adequately supported in all sales considered as a necessary part of the abstraction technique.

There are a number of areas where the technique of abstraction is utilized in appraising, for example: (1) in determining the contributing value of certain classes of farm land, and (2) in determining the amount of benefits or severance damages in the allocation function. Abstraction should only be used in the absence of good comparable sales and when other known quantities are properly supported.

9.13 WERE PROPER APPROACHES TO VALUE USED?

In addition to checking the overall adequacy of the appraisals, the Reviewer should determine whether the proper approaches to value were used by the Appraiser. An examination should be made to see that if all three approaches to value are not used that the Appraiser has given an adequate explanation for the nonuse of an approach or approaches. For example, the cost approach has very little validity as buildings grow older, except for special use properties, such as public buildings, churches, etc., where normally the cost approach is the only available guide to valuation.

9.14 SUFFICIENCY OF SUPPORT AND REASONING TO JUSTIFY CONCLUSION

After determining whether the approaches that have been used are proper, the Reviewer should determine whether or not the market data in the appraisals actually fully supports and documents each of the appraiser's conclusions and findings.

It is necessary to determine whether proper mathematics were used in the application of numbers to the appraisal process and whether, wherever numerical values are used, they are supported and reasonable. Caution and judgment must be exercised because virtually any kind of value conclusion can be derived by manipulation of mathematics. The product is of doubtful validity, unless the mathematics are founded on accurate market data or reasonable inferences and based on sound appraisal theory and principles.

9.15 REQUESTS FOR ADDITIONAL DOCUMENTATION

If for any reason the Review Appraiser believes that the appraisal is obviously lacking in any important detail, he/she should request, through the Chief Appraiser, that the Appraiser make corrections or furnish such additional support and documentation as may be required.

This is the kind of situation where the utmost in tact is required. No one likes to be shown that they are in error, and relations with the Appraiser may become strained through the lack of tact, resulting in unnecessary difficulty in resolving problem areas in the appraisal. The Review Appraiser should never make corrections in the report they are reviewing, except as outlined in Section 9.04. Changes in the report itself shall be made only by the Appraiser who prepared the report by providing a signed addendum.

It is desirable that significant differences be taken up with the Appraiser in writing, possibly after a discussion or conference. All errors should be called to the Appraiser's attention for if the Appraiser should be used as an expert witness while unaware of even a minor error, his/her effectiveness as an expert witness would be completely lost.

In the review of a Fee Appraiser's Report, the Reviewer may criticize, question, or suggest, but, in the end, the opinion of value is the judgment of the Appraiser and they are responsible for defending their opinion in court. The Appraiser is hired for their judgment, experience, and expertise and they cannot be penalized for their honest exercise of these qualities so long as the conclusions fall within the scope of proper appraisal technique and available data. If the Review Appraiser cannot agree with the finding of the Appraiser after attempts at rehabilitation of the appraisal report have failed, they should fully set forth, document, and support all of their reasons for their difference, in which case it may be necessary to obtain another appraisal by contract, staff, or the Reviewer.

After all reasonable action has been taken to upgrade appraisal documentation submitted, the Reviewer in the final analysis must make a determination as to the acceptability of the appraisal product and whether, in his/her opinion, the Appraiser has complied with the requirements of his/her employment. Normally, a decision falls into one of the following categories:

- A. The appraisal is accepted and approved in its entirety.
- B. The appraisal is accepted but not approved in its entirety.
- C. The appraisal is acceptable for payment of any fee involved, but not accepted, in whole or part, in estimating market value.
- D. The appraisal is rejected and a recommendation made to the Chief Appraiser that the payment of fee be denied to the Contract Appraiser.

9.16 RESOLVING APPRAISAL DIVERGENCIES

Two or more appraisals are frequently obtained for the same parcel for the purpose of confirming values involving large or complicated takings. A major review problem results when two equivalently professional appraisers arrive at important and seemingly irreconcilable differences of opinion of value.

The first step is to review both appraisals completely and minutely to discover the exact source of the difference. If it appears to be on a factual basis, both appraisers should be asked for a confirmation of the factual matter and reanalysis of any possible changes occasioned thereby.

Frequently, a difference in appraisals of apparently equal quality is a result of differing honest concepts of the property. This brings the greatest test of the Reviewer's skill and judgment. He/she should review each basis of value and the analytical process used by each appraiser, keeping in mind the abilities and experience of each appraiser. They may call for further detail and analysis support from each appraiser. In the end, however, the decision for approval or rejection is the Review Appraiser's responsibility.

9.17 ADMINISTRATIVE REVIEW

The Right of Way Manager is greatly dependent on the Review Appraiser for assurance that appraisals are technically adequate and provide the Department with a final estimate of value that represents just compensation.

For continued assurance of satisfactory performance by Review Appraisers and because of the necessity for great reliance on his/her individual judgment, the effectiveness of his/her work should be continually evaluated.

Product Quality Control is observed through success of acquisition, auditing acceptance, and cost effectiveness.

The work product is subject to field and office audit by a multitude of interested parties, the personnel of which may have little or no actual appraisal experience but have great concern for the effectiveness of the work products....the division's administrators, Departmental personnel, legislative auditors, Federal Highway Administration auditors, legislative committees, public groups, General Accounting Office and so on. As the Reviewing Appraiser is responsible for assuring compliance with auditing requirements, the audit results are another method of administrative quality control.

The costs of operation within the responsibility of the Review Appraiser is another important management concern. In any consideration of the cost of the right of way operation, it is obvious that elements other than appraising or its review affect the results. Nevertheless the manager is concerned not only with the appraisal costs but with costs affected by the effectiveness of the appraisal work. Other operations affected by appraisal results include cost of acquisition, heavy condemnation requirements, abnormal settlement variations, and failure of auditing acceptance.

If during the acquisition process, new significant facts, data, or analysis are revealed, the Review Appraiser should review the new material and if justified adjust the estimate of value accordingly.

When the Right of Way Manager is considering a settlement prior to condemnation at an amount other than the Reviewing Appraiser's determination of value, such consideration should include the Appraiser's opinion of value, the determination of the State's Reviewing Appraiser, recent awards by condemnation juries for similar properties in the same area, and the amount of the State's probable testimony, should the case be condemned, in the opinion of the State's Legal Counsel. In such a consideration by the Right of Way Manager, the appraisal is not returned to the Review Appraiser; however, the Review Appraiser could appropriately be available for discussing his/her conclusions.

Settlement for an amount which varies substantially from the Review Appraiser's determination of value would then be the responsibility of the Right of Way Manager and he/she shall prepare a statement for the parcel file giving his/her reasons for settlement.

9.18 FEDERAL PARTICIPATION

The Review Appraisers shall be thoroughly familiar with 49 CFR, Part 24, with particular attention to sections covering requirements for eligibility for Federal participation in right of way costs.

For purposes of documentation, the Review Appraiser shall place in the tract file a signed and dated statement (See [Attachment H-1](#)) setting forth---

- A. His/her determination of fair market value;
- B. His/her understanding that the determination is to be used in connection with a Federal-Aid highway project;
- C. The extent of his/her visual inspection of the parcels to be acquired and of the comparable sales applicable thereto;
- D. That he/she has no direct or indirect, present or contemplated future personal interest in such property or in any benefit from the acquisition of such property appraised;
- E. That his/her determination has been reached independently based on appraisals and other factual data of record without collaboration or direction; and
- F. His/her value determination of items compensable under State law but not eligible for Federal reimbursement, if any.

The Review Appraiser's determination of basic market value shall be documented in the parcel file to show the basis for the determination.

9.19 COORDINATION WITH LEGAL COUNSEL

The Review Appraiser, being aware of the ultimate use of an appraisal in court, must be assured that the appraisal is of sufficient detail and contains conclusions which are defensible in court. Because of his/her familiarity with the appraised property he/she is in a position to advise the attorney on appraised details.

The Review Appraiser can assist the Legal Counsel in advising on the selection of contract appraiser in preparation for trial and in his/her familiarity with the property based on his/her review.

The Review Appraiser may be called upon to testify as an expert witness in which case he/she will need to prepare his/her own appraisal. As an expert witness he/she will work extremely close with the attorney in preparing his/her testimony.

While the above emphasizes coordination in preparation for trial work, there are numerous occasions when the Review Appraiser should consult members of the Legal Counsel regarding legal consideration which may have an important bearing on the appraisal and review process.