



# Why are Appraisal Reviews Necessary?

BY DAVID BURGOYNE, SR/WA, R/W-AC, ASA AND BRIAN O'NEILL, SR/WA, R/W-AC, AI-GRS

Brian A. O'Neill, SR/WA, R/W-AC, AI-GRS, and David E. Burgoyne, SR/WA, R/W-AC, ASA, are cofounders of National Right of Way Review Appraisal (NR/WRA). Their company routinely provides review appraisals of acquisition appraisals for both large and small right of way projects throughout the USA.

Brian has been exclusively involved in right of way appraisal and review for 27 years. He is a resident of Boise, Idaho, and in his free time, enjoys skiing, biking, golfing, shooting and auto racing.

David has been involved in right of way appraisal and review for 38 years. He is a resident of southeast Michigan, a Climb Certified Instructor for IRWA and an AQB Certified USPAP Instructor. He has no free time.

Together, they are the authors behind *Ask an Appraisal Reviewer*.



### David's Answer:

The simple answer is the Uniform Relocation Assistance and Real Property Acquisition for federally and federally assisted programs (the Uniform Act) and 49 CFR 24 (the regulations that enforce the Uniform Act). The Uniform Act requires a review appraisal be performed on any appraisal prepared for land acquisition if there is ANY federal money involved in the project. This does not apply to waiver valuations, but that is a topic for another day.

Any right of way acquisition project that involves even one penny of federal money in any capacity requires the appraisals to be reviewed by a qualified review appraiser. An appraisal review is defined as the act or process of developing an opinion about the quality of another appraiser's work that was performed as part of an appraisal (or appraisal review) assignment. It is important to note that it is the work that is reviewed and not the appraiser who performed it.

Appraisal reviews are intended to address the accuracy, adequacy, completeness, reasonableness and relevance of the appraisal under review. It is important that appraisals prepared for right of way acquisition are complete, reasonable, supportable and free of errors.

Per 49 CFR 24.103 and 49 CFR 24.104, a qualified review appraiser shall examine the presentation and analysis of market information in all appraisals to ensure that they meet the definition of appraisal found in 49 CFR 24.2(a)(3), appraisal requirements found in 49 CFR 24.103 and other applicable requirements, including, to the extent appropriate, the UASFLA (Federal Yellow Book) and support the appraiser's opinion of value. The level of review analysis depends on the complexity of the appraisal problem. As needed, the review appraiser shall, prior to acceptance, seek necessary corrections or revisions. The review appraiser shall identify each appraisal report as recommended (as the basis for the establishment of the amount believed to be just

compensation), accepted (meets all requirements, but not selected as recommended or approved), or not accepted. If authorized by the Agency to do so, the staff review appraiser shall also approve the appraisal (as the basis for the establishment of the amount believed to be just compensation) and if also authorized to do so, develop and report the amount believed to be just compensation (49 CFR 24.103 and 49 CFR 24.104).

Please note that this requirement established by the Uniform Act applies equally regardless of whether the acquisitions are being performed directly by the condemning authority or by a right of way consultant contracted to perform or obtain right of way services.

While it is rare for the appraisal reviewer to need to establish his own estimate of value, it is permitted by USPAP and can be included within the appraisal review (as opposed to a separate document). One additional function of the appraisal reviewer for larger projects (particularly) is establishing consistency. This includes assurance that appraisals performed by the same appraiser do not make inconsistent conclusions as well as that offers based on the appraisals are consistent between property owners, regardless of which appraiser completed the appraisal.

Of course, there are many other reasons for appraisal reviews in a right of way context as well. Other agencies require appraisal review even when federal funds are not involved. Furthermore, appraisal reviews can be prepared for numerous other purposes, such as internal company policy or as an aid to litigation (when requested by an attorney). It can be very helpful when unsecured properties are involved in litigation to have a qualified appraisal reviewer review all of the appraisals performed for both the condemning authority and the property owners, comparing and contrasting them while establishing their strengths and weaknesses.



### Brian's Answer:

Plausible deniability. 🌟



Have a burning question about appraisal review or appraisal? Ask an Appraisal Reviewer is open for questions or topics to tackle! Reach out to [ask@NRWRA.com](mailto:ask@NRWRA.com) to submit your question today.