

We also propose adding a new provision that any person functioning as a negotiator shall not supervise or formally evaluate either the appraiser, review appraiser or person making waiver valuations. This provision would enhance appraiser independence and further support the Uniform Act concept that the appraisal is part of the acquisition process that includes not only appraisal and appraisal review, but also the Agency responsibility and authority to establish an amount, based on an approved (reviewed) appraisal, believed to be just compensation, offer that amount to the property owner, and be prepared to consider updating the offer of just compensation (§ 24.102(g)) and administrative settlement (§ 24.102(i)), as appropriate. Recognizing that some Federal assistance recipients, particularly those with limited staff resources, may find this provision unworkable, we propose that, in such cases, the Federal funding agency may waive this provision. And, since the proposed provision would apply to more individuals than just the appraiser, we propose to relocate it to be under basic acquisition policies.

Section 24.103 Criteria for Appraisal

The revisions we propose to §§ 24.103 and 24.104 are the first since the Appraisal Foundation published the Uniform Standards of Professional Appraisal Practice (USPAP).² Considerable confusion and misunderstanding as to the applicability of USPAP provisions to Uniform Act real property acquisitions have existed ever since USPAP was published. The Uniform Act and 49 CFR Part 24 set the requirements for appraisal and appraisal review in support of Federal and federally-assisted acquisition of real property for government projects.

Appraisers who are committed to adhere to USPAP by virtue of State appraisal licensing or certification should look to the provisions of USPAP, including the scope of work, the Jurisdictional Exception Rule and the Supplemental Standards provisions, and their State Appraisers' board for guidance on how they can remain in compliance with USPAP and perform appraisals for Agencies following Uniform Act and 49 CFR part 24 requirements.

Many of the proposed provisions of §§ 24.103 and 24.104, are intended to

assist the appraiser, the Agency and others in understanding the requirements of these subparts in light of USPAP.

We propose to change the terminology throughout this section from "standards" to "requirements" to avoid confusion with USPAP standards rules. We also propose to add the phrase "Federal and federally-assisted program" to more accurately identify the type of appraisal practices that are to be referenced, and to differentiate them from private sector, especially mortgage lending, appraisal practice.

Section 24.103(a) Appraisal Requirements

We propose to add a sentence indicating that these regulations set forth the requirements for real property acquisition appraisals for Federal and federally-assisted programs. This would make it clear that other performance standards, such as USPAP and those issued by professional appraisal societies, do not govern programs covered by the Uniform Act. We propose to reorder other sentences in the paragraph for greater clarity, and to add a requirement for a scope of work statement in each appraisal. In appendix A, we propose to add a discussion on preparing the scope of work. We also propose to insert the word "simple" to help identify and differentiate the "minimum requirements" appraisal. We propose to move the requirements now in § 24.103(a)(1) to the scope of work, as discussed in appendix A, and renumber the remaining detailed appraisal requirements (1) through (5).

Section 24.103(a)(3)

To clarify the intent of this section, we propose to add language that describes the content of a detailed appraisal to conform with currently used terminology (sales comparison approach). We also propose to move the discussion of the Agency's authority to require only the market approach (sales comparison approach) to appendix A, where we propose it be included in the determination of the scope of work.

Section 24.103(b)

We propose to delete the first phrase because it is redundant.

Section 24.103(d)

We propose to specifically add "review appraisers" to clarify that they are included in this section that addresses appraiser qualifications. We also propose to add a discussion to appendix A to emphasize the need for appraisers and review appraisers to be qualified and competent, and that State

licensing or certification can help provide an indication of an appraiser's abilities.

Section 24.104 Review of Appraisals

We propose to use consistent terminology to refer to the person performing appraisal reviews, *i.e.*, review appraiser. We also propose to add language to clarify and specify the responsibilities, authorities and expectations associated with appraisal review.

Section 24.104(a)

We propose to add language that would specifically state that the review appraiser's examination of the appraisal must include examination of the presentation and analysis of market information. While this may not be a change from what Agencies, as a matter of practice, now expect of review appraisers, we believe this proposed language would avoid misunderstanding and confusion. Also, we propose to state clearly that the review appraiser is to ensure that appraisal performance complies with appraisal requirements in § 24.103 and other applicable requirements, and supports the appraiser's opinion of value. This would avoid any misunderstanding as to the criteria for the review. The level of analysis and reporting would depend on the complexity of the appraisal and appraisal review problems. We propose that the report identify the appraisal report(s) reviewed, document the findings and conclusions arrived at during the review of the appraisal(s), and identify each appraisal report as rejected, accepted (meets all requirements, but not selected as approved), or approved (as the basis for the establishment of the amount believed to be just compensation). Identification of each appraisal report is proposed as a method of avoiding confusion as to the status of each reviewed appraisal.

Section 24.104(b)

We propose to add language that would make it clear that the review appraiser may develop independent valuation information as part of the appraisal review process.

Section 24.104(c)

We propose to add language that would require the review appraiser to prepare a written report and specify what is to be in the report.

We also propose that the review appraiser prepare a signed certification, which would state the parameters of the review and the approved value and, if

² Uniform Standards of Professional Appraisal Practice (USPAP). Published by the Appraisal Foundation, a non-profit educational organization. Copies may be ordered from the Foundation at the following URL: <http://www.appraisalfoundation.org/html/USPAP2003/toc.htm>.