

For: State and County Offices

Completing and Reviewing Complex Appraisals

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A Background

A primary objective of FSA’s Appraisal Staff is to appraise and review appraisals of real property. The appraisal and appraisal review processes must follow the requirements and standards accepted and distributed by professional appraisal organizations, the Appraisal Foundation, and the Federal Government. Appraisers are responsible for defining appraisal problems and determining the steps necessary for a solution.

A recent review indicated that the position description (PD) for an FSA appraiser may not have accurately reflected the duties and responsibilities currently being performed when appraisal problems are considered complex. A complex appraisal is above the level described in the PD of a GS-12, or lower, FSA Appraiser.

B Purpose

This notice establishes:

- the context of a complex appraisal
- a process for obtaining complex appraisals and conducting reviews of complex appraisals that are determined to be above the position description of FSA Appraisers.

C Contacts

For guidance or questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact Thomas Dobbin, Chief Appraiser, by either of the following:
 - e-mail at **thomas.dobbin@wdc.usda.gov**
 - telephone at 208-378-5671.

Disposal Date	Distribution
October 1, 2013	State Offices; State Offices relay to County Offices

2 Completing and Reviewing Complex Appraisals

A Identifying Complex Appraisals

Complex appraisals are appraisals that involve the following issues:

- various appraisal problems that require many different and unrelated processes, substantial depth of data and value analysis, and significant departures from established appraisal practices and procedures to estimate values, or to develop and implement new methods and analysis techniques
- complex or controversial characteristics; or a large variety of diverse, little known, or undefined market areas and conditions
- valuation of properties involving a mixture of conflicting potential uses and values involving:
 - unique uses
 - intangible characteristics
 - unique commercial uses
 - environmental issues
 - extensive income analysis.

Note: Some assignments involve multiple highest and best uses affecting component parts or component ownership interests and require the appraiser to apply untried, unprecedented, and resourceful approaches.

Example: The highest and best use of the surface rights may be for significant development, whereas the highest and best use of the subsurface rights or estate may exhibit a use that requires complete excavation of the surface. The appraiser must reconcile these conflicting uses to arrive at an opinion of market value, despite the limitations of the neighborhood or a particular property, or lacking comparable sales data. These factors are sometimes overlain by legal considerations driving the opposing uses toward divergent conclusions that add to the complexity.

Notice FLP-648

2 Completing and Reviewing Complex Appraisals (Continued)

B Obtaining Complex Appraisals for Direct Loan Making and Servicing

When an FSA Appraiser determines, in consultation with their supervisor, that an appraisal request is more complex than described in their PD, the assignment must be contracted out or conducted by a qualified FSA Appraiser of a higher grade.

Note: The FSA Appraiser shall assist in developing the statement of work for obtaining a complex appraisal.

The FSA Appraiser shall contact the Chief Appraiser, according to subparagraph 1 C, for guidance as needed.

C Technical Appraisal Reviews

For the Direct Loan, Guaranteed Loan, and FSFL Programs, if an administrative review detects serious problems, a technical review is required. When an FSA Appraiser receives a request for a technical appraisal review and determines, in consultation with their supervisor, that the appraisal is more complex than described in their PD, the assignment must be contracted out or conducted by a qualified FSA Appraiser of a higher grade. The FSA Appraiser shall contact the Chief Appraiser according to subparagraph 1 C for guidance as needed.

Note: A technical appraisal review must:

- be completed by a State-certified general appraiser under USPAP Standard 3
- address the substantive aspects of developing a credible opinion of the quality of another appraiser's work that was performed as part of an appraisal or appraisal review and include a determination of compliance with USPAP.

D Administrative Appraisal Reviews

Administrative appraisal reviews are **not** affected by this notice.

Note: An administrative appraisal review:

- is performed as a due diligence function in the context of a loan making or loan servicing decision to ensure compliance with agency requirements
- does not include a determination of compliance with USPAP.