

CHAPTER 16

APPRAISALS

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CHAPTER 16

APPRAISALS

SECTION I - GENERAL

1. BACKGROUND

a. The Navy uses real estate appraisals to determine the fair market value of real property proposed for acquisition, the value of Navy-held real property proposed for outgranting for private use, or for real property proposed for disposition. Appraisals also play a primary role in helping to establish real property value estimates used in the MILCON process.

b. Further, Navy real estate appraisals and procedures are governed by Federal law to a great extent, as opposed to non-Federal, private, commercial real estate appraisals. This standard requires adherence to certain Department of Justice criteria covering the appraisal process as well as the appraisers themselves.

2. REFERENCES

- a. Searl v. School District, La. County, 133 U.S. 533, 562 (1890)
- b. Bauman v. Ross, 167 U.S. 548, 574, (1897)
- c. Fifth Amendment, U.S. Constitution
- d. 10 U.S.C. §2695

3. POLICY AND SCOPE

a. In acquiring real property, or any interest therein, it is the policy of the Commander, Naval Facilities Engineering Command (COMNAVFACENGCOM) to impartially protect the interests of all concerned. This policy reflects certain Court rulings stating that "it is the duty of the United States, in the conduct of the inquest by which compensation is ascertained, to see that it is just, not merely to the individual whose property is taken, but to the public which is to pay for it." (References (a) and (b)) Underlying this policy is the Constitutional safeguard that no private property may "be taken for public use, without just compensation." (Reference (c)) Although the courts

determine the just compensation to be paid to the property owners in condemnation cases, the real estate appraisal serves as the basis for such just compensation-related court testimony.

b. Therefore, it is essential to have an efficient, competent, and responsive appraisal program that will facilitate the successful planning and execution of Navy real property acquisition, management and disposition functions.

c. Accordingly, this chapter sets forth, among other things, the general standards, methods and procedures applicable to the appraisal of real property for Navy projects and programs.

d. Realty Specialists define the purpose of the appraisal, provide a clear project description, provide all relevant subject property data to be considered, and define any special circumstances or elements of the assignment.

4. STANDARDS

- a. Appraisal preparation, documentation, and reporting shall conform to the requirements of the Uniform Appraisal Standards for Federal Land Acquisition (UASFLA) available from the Department of Justice website at <http://www.usdoj.gov/enrd/>, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, Public Law 91-646 ([42 U.S.C. §4601 et seq.](#); [49 CFR Part 24](#)), and the Uniform Standards of Professional Appraisal Practice (USPAP). Insofar as there may be any conflict between these requirements and the following provisions of this chapter, the latter shall control.
- b. Appraisals prepared for properties located outside the United States or its territories shall follow the guidelines set out in the edition of "International Valuation Standards" published by the International Valuation Standards Council (IVSC) that is current at the time of the appraisal.
- c. Appraisal preparation, documentation, and reporting prepared for military contingencies or natural disaster recovery efforts may deviate from

the requirements of this chapter pursuant to mission accomplishment. The situation and need should be coordinated with the COMNVFCENCOM Chief Appraiser.

d. The material contained herein is not intended to limit the scope of appraisal investigations, or to bias the independent judgment or value conclusions of appraisers employed or engaged by the Department of the Navy.

5. THE APPRAISAL FUNCTION

a. Appraisals are important in obtaining Departmental and Congressional authorizations and approvals, and are essential to the acquisition, management and disposition of real property. The success or failure of these actions depends to a large measure upon quality appraisal procurement, preparation and review. An appraisal is an opinion of value based upon and supported by an analysis of all the factors, physical, legal, economic, social and governmental, which influence or impact the rights or benefits to be derived from the ownership or use of the property appraised. Appraisals are utilized for many reasons and each report must clearly identify the purpose and intended use of the valuation. Appraisals are perceived to be unbiased and are not a tool for advocacy.

b. Consulting assignments involve analysis or evaluation and may or may not include an estimate of value. An appraisal consulting assignment includes an opinion of value as a component leading to the assignment results but it is not the purpose of the assignment. Real property consulting does not have an opinion of value as a component of the assignment and is not necessarily unbiased. Consulting assignments include highest and best use studies, market studies, feasibility studies, rent studies, absorption analyses, and other analytical analyses. Consultation may include providing advice and/or recommendations regarding specific courses of action to help resolve real estate issues. Reports and analyses for consulting assignments are held to similar quality standards as appraisal assignments to provide clear and informed conclusions or recommendations. However, because consulting assignments are not necessarily unbiased and may not include an opinion of value as the purpose of the assignment, they should not be used to provide value estimates in a real estate contracting action.

6. QUALIFICATIONS OF A NAVY STAFF APPRAISER

a. The Navy Staff Appraiser is a technical consultant for the Facilities Engineering Command (FEC) on procurement, preparation, and review of appraisals. He/she must observe the highest standards of professional ethics and have sufficient background, knowledge, and experience to provide opinions of value, or review and approve another appraisers' opinion of value, in accordance with recognized standards of professional appraisal practice.

b. Appraisal Experience. As a minimum, the Staff Appraiser should have at least two years of appraisal experience and have successfully completed at least 125 hours of real estate appraisal courses including coverage (15 hours) of the USPAP. The Senior Staff Appraiser, and/or Review Appraiser, should have at least three years of appraisal experience and have successfully completed 180 hours of real estate appraisal courses, which also includes coverage of the USPAP.

c. State Certification. Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Public Law 101-73, (FIRREA) requires the establishment of state programs for the licensing and certification of professional real estate appraisers. Although, as described in OMB Bulletin 92-06, federal employees are exempt from the requirements established by FIRREA, all Navy Staff Appraisers and Review Appraisers are required to comply with the USPAP, and are encouraged to seek state certification as a Certified General Appraiser in at least one state or territory. All vacancy announcements for Navy staff appraisers should contain a Selective Placement Factor that requires that the applicant be a State Certified General Appraiser in at least one U.S. state or territory.

d. Continuing Education. The Department of the Navy recognizes the need for a requirement of continuing education for Staff Appraisers who must perform real estate appraisals and appraisal reviews in compliance with the Competency Provision and all other applicable sections of the USPAP. Staff Appraisers must successfully complete at least 45 classroom hours of real estate appraisal courses over each three-year period. To maintain their specific level of approval authority, Senior Staff Appraisers and Review Appraisers are required to successfully complete at least 60 classroom hours of real estate appraisal related courses over each three-year period. If there is a state continuing education requirement of more than the previously mentioned minimum requirements, the state requirement will be

considered as the minimum requirement for any person who has chosen to become a Certified General Appraiser in that State.

e. Sources. Real estate appraisal courses, case-study material, publications, and handbooks used by professional appraisal organizations, such as the appraisal groups that are member organizations of the Appraisal Foundation, are useful sources of information about meeting competency requirements of the profession and the preparation of appraisals.

f. Major Duties. The following is a list of the Staff Appraiser's major duties (as delegated):

(1) Prepares

- (a) Appraisals
- (b) Estimates
- (c) Consultation Studies

(2) Procures Contract Fee Appraisals

- (a) Maintains current roster and availability file
- (b) Prepares scope of work
- (c) Prepares Government cost estimate
- (d) Ensures availability of contract funding
- (e) Solicits and reviews proposals
- (f) Makes recommendations on selection to the Real Estate Contracting Officer
- (g) Negotiates, or assists in negotiating, contract fees
- (h) Manages contracts in progress and obtains revisions

(3) Reviews Contract Fee Appraisals

- (a) Compliance with contract terms and conditions
- (b) Compliance with Uniform Standards
- (c) Policy and procedure requirements
- (d) Quality and appraisal soundness
- (e) Approves or recommends disapproval of value (If authority is redelegated)
- (f) Writes review certificate with recommendation
- (g) Approves appraisals for payment

(4) Coordinates Appraisal Function

- (a) Within the Command and other Commands
- (b) With local U.S. Attorney
- (c) For pre-trial preparation and trial testimony
- (d) With other Government agencies

7. TYPES OF APPRAISAL REQUIREMENTS

a. Appraisal requirements vary with the several types of actions discussed herein.

(1) Acquisition. Normally, only one appraisal per ownership or tract need be obtained. However, in cases involving controversial appraisal problems, precedent-setting issues, or first acquisition areas of large projects, more than one appraisal of the same property may be obtained. If an appraisal report is prepared for the land planning phase, when the project is authorized and acquisition funding is anticipated, the original appraisal(s) may be updated or an additional appraisal maybe obtained as needed. Acquisition appraisals will normally be contract appraisals. However, a staff appraisal may be used, provided the review appraiser is not the same person who prepares the appraisal. Final authority regarding whether a contract or staff appraisal is prepared rests with the COMNAVACENCOM Chief Appraiser. The possibility of condemnation must be considered because the Department of Justice will probably require a contract appraiser for court testimony. This requirement applies to all real property acquisitions, regardless of the real property interest being acquired.

(2) Disposition (Disposal). Disposal includes granting property rights through fee simple conveyances, easements, leases, and licenses. Appraisals for disposals must meet the same technical quality standards as appraisals for acquisitions, but not necessarily all the formal UASFLA requirements for acquisition and condemnation. Appraisals for fee disposals differ from acquisition appraisals when the property is known to be contaminated. Appraisals for disposals also differ in requiring certain assumptions to allow standard appraisal methods to be used.

Persuant to 41 CFR 102-75.300, appraisals are required for all real property disposal transactions except when (a)an appraisal will serve no useful purpose (e.g. legislation authorizes conveyance without monetary consideration or at a fixed price. This exception does not apply in certain instances of negotiated

sales to public agencies.), or (b) the estimated fair market value of property to be offered on a competitive basis does not exceed \$300,000.

(3) Fee Disposal. One Navy (staff or contract) appraisal is required for any conveyance of fee title through sales, exchanges, donations, etc. Review of an acquiring party's appraisal does not suffice, except by waiver from the COMNAVFACENGCOM Chief Appraiser. No appraisal is required for property declared excess to GSA or the types of property to be conveyed at no charge to another federal agency. Appraisals for a disposal through an exchange will meet the same standards as a fee disposal. One separate appraisal is required for each parcel in an exchange.

(4) Easements. For the granting of easements, one appraisal (staff or contract) is required, except where [subparagraph a.\(8\)](#) below applies. The cost of the appraisal, as well as all in-house costs, is to be reimbursed to the Navy by the Grantee in accordance with the provisions of [reference \(d\)](#). At the discretion of the Real Estate Contracting Officer, the Grantee can directly fund a contract appraisal that meets Navy's requirements. In those instances the appraisal report must be addressed to the Department of the Navy and the staff appraiser must (1) assist in the preparation of the scope of work for the appraisal assignment; (2) approve the selected fee appraiser or roster of appraisers; and (3) review the final appraisal report to ensure soundness of factual data, analysis, conclusions, and that the interests of the Government are protected.

(5) Outleases

(a) Negotiated. One appraisal (staff or contract) will be obtained for negotiated outleases, except where [subparagraph a.\(8\)](#) below applies. A contract appraisal is required if the proposed lease is controversial, or if a major special purpose facility such as a shipyard or an industrial reserve plant is involved which requires the detail of the appraisal process. The cost of the appraisal, as well as all in-house costs, is to be reimbursed to the Navy by the Grantee in accordance with the provisions of [reference \(d\)](#).

(b) Competitive Bid. When normal competitive bid procedures are used for outleasing, a staff estimate is generally sufficient because responsive competitive bidding should test the soundness of the estimate. As stated in [subparagraph a.\(5\)](#) above, a contract appraisal is required for controversial leases and special purpose facilities. The cost of the appraisal, as

well as all in-house costs, is to be reimbursed to the Navy by the Grantee in accordance with the provisions of [reference \(d\)](#).

(c) In-kind Consideration. Leasehold valuations of non-excess property leased under authority 10 U.S.C. 2667 initially require a market value estimate. After the value estimate is completed by the NAVFAC appraiser, the appropriate estimator will provide cost estimates for any in-kind consideration in lieu of cash payment. If the in-kind consideration involves estimating the fair market value of a real property interest, NAVFAC appraisers may be involved. The cost of any other type of in-kind consideration will need to be estimated by a subject matter expert in that field.

(6) Inleases. When leasing property for Navy use other than family or bachelor housing units, one appraisal (staff or contract) is required. Normally, no appraisal is required when leasing family or bachelor housing units unless the action is controversial, or a large number of units are involved. When an appraisal is not obtained, information on comparable rental units should accompany proposals submitted for FEC action.

(7) Restoration Claims. When claims arise as to liability for restoration of leased property, an estimate of such restoration costs will be obtained from the qualified engineer, builder, or contractor. The estimate, whether made by contract or staff personnel, will be reviewed by the staff appraiser.

(8) Informal Value Estimates. Time consuming and lengthy appraisal reports should be avoided in the case of low value ingrants and outgrants. The requirement for an appraisal and physical inspection may be administratively waived by the NAVFAC appraiser in the FEC. This provision recognizes situations that frequently cost the Government unwarranted time and travel costs involving cases that are minor in scope. In such situations, the staff appraiser should be familiar with the facility and general local market conditions. In lieu of an appraisal, the staff appraiser should file an informal value estimate or memorandum setting forth the requirement, data that was considered, and conclusions. The decision concerning the necessity for an appraisal rests with the appraiser executing the memorandum since he or she is responsible for the value estimate. The requirement for an appraisal will not be waived if the action is controversial. A low value grant for the purpose of this paragraph is defined as any in/outgrant for which the fair market value, fair market annual rental, or easement value, does not exceed \$25,000. (Title 49 Part 24 24.102(2))

8. DELEGATION OF AUTHORITY

The Commander/Commanding Officer of the FEC acting through his/her Real Estate Contracting Officer(s) is hereby authorized to (1) select a contract appraiser from the approved list provided for in [Paragraph 9](#) below; (2) negotiate the terms and conditions of the contract; (3) prepare the contract; (4) make the award; and (5) execute the contract for appraisal services without further reference to COMNAVFACENGCOM. The authority delegated herein may be redelegated.

SECTION II - CONTRACT APPRAISER SERVICE

9. QUALIFICATIONS OF A CONTRACT APPRAISER

a. The UASFLA and [49 CFR Part 24](#) require that all detailed (narrative) appraisals be prepared by a State Certified Appraiser in the state where the property is located. As a minimum requirement, the report must be in conformance with the USPAP. The Department of the Navy may make an exception to this requirement on a case by case basis, where timber, mineral or other valuation specialists may not be required to hold a state certification.

b. Whenever it becomes necessary to obtain the services of a contract fee appraiser for an acquisition and condemnation proceedings are considered likely, the staff appraiser should request the COMNAVFACENGCOM Chief Appraiser work with the Land Acquisition Section of the Department of Justice in selecting a suitable appraiser to present expert testimony.

10. GOVERNMENT ESTIMATE FOR APPRAISAL CONTRACTS

It is of utmost importance that a Government Estimate be prepared for Board review prior to negotiating a fee contract. This estimate will be used in determining the reasonableness of the appraiser's fee. The estimate will be developed with due consideration of the relative skill and ability required in solving the appraisal problem and the appraiser's time and expense required in preparation of the report. The estimate should be prepared by the staff appraiser and should include such items as estimated man-days, per diem rates, travel, consultant fees, printing, overhead and other expenses reasonably projected in performance. The original of the Government Estimate must be made a part of the contract file record.

11. APPRAISAL SELECTION BOARD

The Commander/Commanding Officer of the FEC acting through his/her Real Estate Contracting Officer(s), will establish a Board to select appraisers. Representation of the real estate group will be included on the Board membership. The Command will make every effort to engage the services of State Certified local appraisers and consultants that are qualified for a particular assignment. In unusual circumstances occasioned by special purpose property requirements, the geographical area may be expanded.

12. SOLICITATION OF PROPOSALS

a. The Board will select from the roster not less than three appraisers if for one contract; nor less than five appraisers if for two contracts, who appear qualified for the particular appraisal assignment. Solicitation will be made in an impartial manner to avoid favoritism and the concentration of Navy appraisal work in a small group of appraisers. Solicitation for the preliminary proposals may be by letter, electronic mail, telephone, or personal interview. The same information must be provided to each prospective appraiser. The solicitation for a preliminary proposal will (1) identify the project; (2) list the evaluating factors to be considered in awarding the contract; (3) reserve the right to accept other than the lowest price offer; and (4) include an inquiry whether the appraiser has a prospective or future interest in the property to be appraised, as such an interest would disqualify him/her for the assignment. Formal selection Board procedures may be waived on contracts not exceeding \$15,000. Solicitation of proposals is not required on such contracts. However, the staff appraiser will contact the same number of appraisers from the roster/directory, as stated above.

b. The FEC staff appraiser will select qualified contract appraisers and alternates from the roster impartially and ascertain availability and interest. A report with the staff appraiser's recommendations, government estimate, and scope of work will then be submitted for Board action.

SECTION III - CONTRACT APPRAISAL PROCEDURES

13. SCOPE OF ASSIGNMENT

Solicitation for preliminary proposals should clearly define the "scope of work" for the contract. The contents of the scope of work should not limit the appraiser such that the resulting analysis, opinion, or conclusion would tend to mislead or confuse the client, the users of the report, or the public. An appraiser must be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal. Specific information regarding the assignment and the property should be provided in the scope of work. However, it is not Navy policy to limit the amount of investigation and analyses that an appraiser considers necessary to form an opinion of value that is in compliance with the contract and the USPAP. The purpose of the appraisal requirement will be noted, and details covering the number of parcels, improvements, land areas, and maps should also be transmitted. Clear communication should be established on any suggested premise or requirement for the appraiser to consider. The solicitation should inform potential bidders of any pertinent data available for review at the FEC, such as construction plans, photographs, etc. In most cases, the contract scope of work and the contract for appraisal services should have a provision for a joint field review with the Navy review appraiser at the time highest and best use and principal data have been collected and analyzed by the contract appraiser.

14. PROPOSAL RESPONSE

The appraiser should indicate his/her interest in performing the appraisal, ability to meet the time schedules, or furnish an alternative completion date. The response should include specific qualifications for the particular project and ability to perform. If the appraiser was involved in recent litigation on similar assignments, the outcome should be discussed, including reference to court acceptance of qualifications, testimony, and awards. The prospective appraiser should submit an estimated fee at this time. If sufficient favorable replies are not received, additional solicitations may be made until favorable replies are received.

15. SELECTION OF APPRAISERS

a. The Board will review the qualifications and proposals of the appraisers who are interested in performing the appraisal services along with any additional information provided by the

staff appraiser. In making its selection, the Board will give consideration to the following:

- (1) The best qualified appraiser(s) to provide a valuation for the property to be appraised, such as a sample of work;
- (2) Information provided in the technical proposals;
- (3) Time required to complete the appraisal;
- (4) The ability to appear as expert witness(es) in condemnation proceedings, when applicable;
- (5) Results obtained from the same appraiser(s) in other cases, including results of trials in which he/she (they) acted as expert witness(es), when applicable; and
- (6) The appraiser's estimated fee.

16. NEGOTIATION OF FEE

a. The Board will negotiate with each selected appraiser individually to arrive at a final fee. This may be accomplished by direct negotiations or by mail, depending on the circumstances and the costs involved to conduct direct negotiations. The Board should consider the following in determining the fee:

- (1) The number of days the appraiser will devote to the project and per diem (compare with rates charged to private clients);
- (2) The number of days for assistants and the per diem;
- (3) Fees for technical experts, such as timber cruisers, geologists;
- (4) Charges for clerical help;
- (5) Charges for supplies, such as photographs; and
- (6) Charges for overhead, transportation, and profit.

b. During the negotiations to arrive at a mutually satisfactory fee, negotiations may also be conducted to agree on a satisfactory fee for updating the appraisals at any time within a two-year period from the date of the appraisal. If a satisfactory agreement cannot be reached with the selected appraiser, the Board will negotiate for a satisfactory agreement

with an appraiser previously solicited who, in the Board's opinion, is also qualified. Contract award will be made promptly and the appraisers who were considered, but not selected, will be notified that the contract for appraisal services has been awarded to another appraiser.

17. APPRAISAL CONTRACTS

After an appraiser has been selected and a satisfactory agreement, including the fee, has been negotiated, the appropriate Real Estate Contracting Officer will execute an appraisal service contract [NAVFAC 11011/7](#) "Contract for Appraisal Services." ([Paragraph 31](#) below) This form has been approved by Counsel for COMNAVFACENGCOM, and any changes required shall be approved and initialed by the Counsel of the FEC concerned. The contract scope of assignment ([Paragraph 13](#) above) may be included in the contract form.

All project support documentation including maps and scope of work will be transmitted to the selected appraiser(s), followed by contract negotiations. All actions will be properly documented and made a part of the FEC case file. Should negotiations not produce agreement with the selected appraiser(s), alternates will be contacted.

18. FUNDS CHARGEABLE FOR APPRAISAL SERVICES

Expenses for obtaining appraisal services for the acquisition of real property for MCON and MCNRF projects are chargeable to program assignments issued for planning purposes. When performing appraisal services for other Commands within the Navy, funds will be made available from such Commands to the performing FEC when contract costs are established. Housing appraisals and chargeable tasks will be funded through the Housing Budget. Expenses for appraisal services for those transactions covered under [reference \(d\)](#) are paid by the Grantee. The FEC will program in the annual budget submission for all other requirements.

19. DISTRIBUTION OF APPRAISAL CONTRACTS

a. Completed appraisal services contracts ([NAVFAC 11011/7](#)) will be distributed as follows:

- | | |
|-------------------------|------------------|
| (1) Signed Original: | FEC Files |
| (2) Duplicate Original: | Contractor |
| (3) Signed Copy: | FEC Files |
| (4) Signed Original: | Appropriate DFAS |

b. A copy of the contract must be attached to all appraisals forwarded to COMNAVFACECOM for final review.

SECTION IV - CONTRACT APPRAISAL STANDARDS

20. APPRAISAL METHODS

a. Making an appraisal is solving a problem. An unbiased solution requires interpretation, in terms of money, of the economic, sociological, and environmental forces on a specific property. The appraisal process is an orderly program by which the problem is defined, the work necessary to solve the problem is planned, and the data involved is acquired, classified, analyzed and interpreted into an estimate of value. Appraisal methods used by Navy staff and contract fee appraisers shall be in accord with current standards of professional appraisal practice involving the application of standard approaches to value; namely, the cost, income capitalization, and sales comparison approaches. The application of the approaches to value depends upon the appraisal problem involved and the appraiser's professional judgment in preparation. Deviation from normal practices requires supporting comment and justification.

b. Appraisal practices, methods, and techniques are fully described in current professional appraisal manuals, textbooks, journals, and periodicals. It is recognized that the appraisal format and the methods of documentation that are applied must be of a reasonably flexible nature. Each appraisal problem must be considered as to the effective appraisal procedures which, in the judgment of the individual appraiser, are applicable and can be practically applied to the subject property. If presentation is unclear, reasoning unsound, and/or data inadequate, the review process will uncover such weaknesses, and further action will be required to correct these or any other deficiencies.

21. APPRAISAL FORMAT

a. The appraisal report is an important document which serves as a material aid in negotiations and as a basis for justifying expenditure of public money. It is, therefore, essential that its contents reveal that the appraiser has made an adequate study and analysis of the appraisal problem and has considered all available, pertinent, and reliable data, and that he/she has used sound and logical reasoning in developing his/her value conclusions.

b. Appraisal reports will be prepared in narrative form and will include, as a minimum, (1) all essential data to disclose the purpose of the appraisal; (2) the scope of the appraisal problem and the principal methods and reasoning processes employed; and (3) all available pertinent supporting data to sustain the appraiser's final conclusion as to value. The report will be appropriately indexed and arranged as to convince a reader that a thorough investigation has been made and that the value conclusion has been based upon sound interpretations of adequate and reliable data. For acquisition projects, such items as photographs, sketches, charts and exhibits, etc., are considered integral parts of each appraisal report. These items are normally needed on appraisals prepared for other purposes; however, judgment may be exercised in conserving time and expense, especially in appraisals involving small sums of money. (See [Paragraph 7.a.\(8\)](#) above)

c. The use of a standardized appraisal report form is not compatible with the Department of the Navy appraisal requirements. The use of printed appraisal forms often leads to inferior appraisal performance and may hinder the application of appropriate appraisal methods, techniques, essential discussion, and analysis of market data. The Department of the Navy often requires special purpose property appraisals on numerous types of real property that involves evaluation of various estates. The exercise of good judgment by the staff appraiser in the procurement of appraisal services and a clear understanding of the contract's scope of work between the parties should promote a professional response which is credible in format and preparation. "General Specifications for the Appraisal Report" ([Paragraph 32](#) below) is an outline of minimum essentials which can be enlarged upon or modified, but omissions should be justified by narrative.

22. SPECIAL TECHNICAL REPORTS

a. Unless the person who is appraising the real property has had training and experience in technical areas such as hazardous substances, machinery and equipment, minerals, timber, and/or growing crops, a special report will also be required from a firm or individual qualified to perform this service. Whenever this is done, care must be exercised to avoid additive values or the duplication of value mentioned in subparagraph a.(3) below. The following subparagraphs list some of the special reports necessary in dealing with various types of properties. The principal contractor (contract fee appraiser) may sub-contract for a special report when required. It is preferable that the principal contractor award the sub-contract and manage the

special report. The Government Estimate will provide for this in the cost projection. A separate contract may be awarded by the Government for the special report if the staff appraiser performs the principal appraisal, or if it is determined to be in the Government's best interest to do so. In either instance, care must be exercised relating to contribution when considering highest and best use.

(1) Hazardous Substances

(a) "Hazardous substance" refers to health hazards within, around, or near a property that may, or may not, affect its value. The typical appraiser does not have the knowledge or experience required to detect the presence of hazardous substances or to measure the quantities of such materials and would therefore require the professional assistance of others. When a parcel is being acquired by the Government, the appraiser should be cautioned that the value of a property impacted by environmental hazards may not be measurable simply by deducting the apparent costs to remove the hazardous material from the value of the property in its "clean" condition. The possibility of other changes affecting value such as a change in the highest and best use or marketability should be considered.

(b) Environmental engineers, inspectors, and other professionals who prepare technical reports, provide advice, or make findings that are used in the appraisal report, must be named in the Certification section of the report. If the property being appraised is known to be affected by hazardous substances, or if there is reason to believe that it may be so affected, the appraiser cannot exclude the consideration of such materials without limiting the scope of the appraisal. Appraisals having disclaimers regarding the lack of consideration to the affect of any existing hazardous material are not sufficient. Any appraisal that does not address the impact of known hazardous substances on the property's value should not be accepted. In those instances where a property that is owned by the Government is being disposed of, the appraiser should be instructed to consider that the property has been remediated for hazardous material according to applicable State and Federal guidelines. However, this does not lessen the appraiser's responsibility in determining the highest and best use of the property and its marketability based on the proposed degree of clean up by the Government.

(2) Machinery and Equipment. Machinery and Equipment valuations require a specialist qualified to perform the appraisal service. The appraisal of industrial, commercial, and

special purpose properties, often requires special technical reports in a particular valuation field. The scope of appraisal assignment shall clearly indicate the type of value required such as value in place, salvage value, etc.

(3) Minerals

(a) In cases where it has been determined that the property rights to be acquired include subsurface interests such as oil, gas, minerals, or others, a special report will be obtained. This report will be incorporated into the appraisal report on the real property to arrive at the valuation of the whole property. In all cases, the value of the subsurface interests will be included or accounted for in the appraisal report in such a manner that negotiations may be readily conducted to acquire or extinguish subsurface rights if they are outstanding in third parties, or if the vendors desire to reserve them. Since the removal of certain minerals may destroy or affect the usefulness of the surface, care should be exercised to avoid duplication of value.

(b) It shall be the duty of the FEC Real Estate Contracting Officer to solicit a written report from the Program Coordinator, Mineral Resources Program, U.S. Geological Survey, 12201 Sunrise Valley Drive, 913 National Center, Reston, VA 20192. Reference the Mineral Resource Data System in requesting information regarding the mineral deposits known to exist that have a potential commercial value. The report shall be requested as soon as the FEC is authorized to proceed with advance planning for an acquisition project. No Geological Survey report shall be requested if it is a matter of common local knowledge that such minerals do not have a marketable commercial value. Information received from the U.S. Geological Survey shall serve as one of the bases for a determination whether a full mineral report should be obtained.

(4) Growing Crops. Crop appraisals will not ordinarily be necessary except in those cases where the Activity Commander/Commanding Officer has determined that possession of the cropland is necessary prior to the normal harvest period. In such cases, the crops will be appraised as separate property items. The crop appraisal will identify the crops by (1) type; (2) number of acres; (3) estimated yield per acre (taking into account all hazards); (4) the unit value; (5) gross market value at maturity based upon current local prices for the commodities less cost of bringing to maturity; (6) harvest; and (7) delivery to available markets. The expected harvest period will be reported together with other pertinent information to indicate an

approximate date when the cropland may be available for construction purposes.

(5) Timber. Where the land to be appraised does not have timber of merchantable size or pulpwood in commercial quantities, the timber value may be included in the value of the land, usually by direct comparison to sales used. If the timber is of merchantable size, a professional forester or timber expert will make a timber cruise. Merchantable timber will be classified in the appraisal according to species, type, range of size, quantity (in board feet), unit value, and total value. The identity of the log rule used, the type of cruise, the minimum size logs included as saw timber, and discussion of logging, haulage, and market conditions should be given. The total value of timber should reflect the amount by which the timber enhances the market value of the land. Care must be exercised in the use of separate timber estimates for appraising timber land to avoid "doubling up", or including the timber value twice. When a timber cruise or estimate is used, comparable sales of recently cut-over timberland should be used to support the contributory value of the land. When such sales are not available, care must be utilized to extract the timber value from sales of timber land. The optimum situation would be to use sales that have also been cruised. However, it is the responsibility of the appraiser making the overall property appraisal to consider all factors involved in the correlation of the timber cruise and land value to reflect fair market value as an entirety.

23. GOVERNMENT OUTLEASE RESTRICTIONS

a. Whenever appraisals are required on Government-owned property to be outleased subject to Government restrictions and/or reservations, the appraisal shall indicate the effect, if any, upon market rent. Issues such as restricted use, cancellation provisions, insurance, obligated long-term maintenance, security, crop limitations, and cost of services such as soil erosion, dust suppression, etc., must be discussed and justified if considered allowable deductions. The appraiser should also consider the benefits of a location within a military reservation, such as the higher degree of security, or a lower cost of utilities. The fair market rental value, with and without restrictions, require discussion and development in detail.

b. The appraiser must analyze the terms and conditions of each lease and provide sufficient detail to justify any adjustments used to develop the market rental estimate. Where specific terms and conditions have not yet been determined, the

appraiser should analyze the Department of the Navy General Purpose Lease and its General Provisions and note in the transmittal letter any additional terms and conditions of the lease that would require further evaluation in order to provide a reliable estimate of market rent. Comparable data from the market should be used whenever possible, not existing leases of Government property.

24. THE BEFORE AND AFTER METHOD

Whenever part of an entire property in one ownership and use is acquired, the owner is entitled to not only the value of the part taken, but to any diminution in value of the remainder caused directly by the taking and/or the use to which the part taken will be put. Just compensation payable should be reduced when the remainder is specially benefited as a result of the project. This is accomplished by applying the "before and after" rule; i.e., just compensation is arrived at by first estimating the market value of the entire parcel before the taking and then subtracting the market value of the remainder parcel. The difference is compensation including both value of the land taken and any diminution of value in the ownership after the taking. The resultant figure automatically includes the value of the part taken together with any severance damages or special benefits. Severance damage, or benefits, should never be assumed merely because there has been a partial taking; they must always be supported by the facts in each case.

25. APPRAISAL REVIEW

a. High quality appraisal reports and reviews are essential to the success of the COMNAVFACECOM real estate mission. Each contract appraisal report must be reviewed by a qualified Navy review appraiser. The review appraiser must have training, experience, education, and skills, equal to the contract appraiser. Professional standards for reviews are set forth in UASFLA Section C and USPAP Standard 3. The review appraiser should actively manage appraisal contracts while work is in progress to lessen the burden on both parties at the final review and to assure a quality end product. The appraiser and reviewer should schedule a field review at the time highest and best use and principal data have been collected and analyzed. (The contract scope of work and the contract for appraisal services should specify and allow for the field review. Scheduling for the time of the field review is the joint responsibility of the reviewer and the contractor.)

b. Appraisal reports must be judged either as basically sound and support the appraisal amount, or fundamentally weak and returned to the appraiser for further work. The reviewer must apply technical knowledge and seasoned judgment to determine whether the valuation methods were properly chosen and executed, and whether the market data is adequate. The reviewer must prepare a narrative analysis and justification approving (depending on his/her amount of delegated review authority) or recommending approval or disapproval of the value(s) provided in the appraisal report. (The Review Certificate is specified in detail in [Paragraph 26](#) below) Normally, the FEC reviewer will not forward an acquisition appraisal report to COMNAVFACENGCOM recommending disapproval, but rather, procure a revision or a second opinion of value.

c. The Senior Staff Appraiser of each FEC is authorized to review and recommend approval of real property appraisals. The COMNAVFACENGCOM Chief Appraiser will delegate specific amounts of approval authority to the Senior Staff Appraiser based on his or her qualifications, training, experience, and ability to perform the review function. This approval authority is specifically delegated to the individual, not to the position of Senior Staff Appraiser. A portion of the approval authority, not to exceed 50 percent, may be redelegated to individual assistant staff appraisers, based on their qualifications and ability to perform the review function. NAVFACENGCOM will review and approve appraisals that exceed the approval authority of the Senior Staff Appraiser. All actions will be documented by a separate review certificate prepared and signed by the reviewing appraiser.

d. In those instances where COMNAVFACENGCOM review is required, a review certificate with a recommendation will be prepared by the Senior Staff Appraiser and forwarded with a copy of the appraisal report and a copy of the Contract for Appraisal Services including its scope of work. COMNAVFACENGCOM will review any appraisal when requested by an FEC. Also from time to time, COMNAVFACENGCOM will call for typical appraisals and the appraisal reviews within the FEC dollar level of review authority and audit those appraisals and reviews for qualitative performance. Whenever staff appraisals are prepared by the same individual having review authority, and within the dollar value limits of such authority, no additional review echelon is required unless specified by COMNAVFACENGCOM. When there is more than one staff appraiser at an FEC, the senior member will review appraisals performed by subordinate personnel.

26. REVIEW CERTIFICATE

a. In reviewing an appraisal and reporting the results of that review, the Staff Appraiser must form an opinion as to the adequacy and appropriateness of the report being reviewed and must clearly disclose the nature of the review process undertaken. Review appraisers must go beyond checking for a level of completeness and consistency in the report under review by providing comment on the content and conclusions of the report. This review action will be documented by a separate certificate that will be signed and dated by the authorized reviewing appraiser. At a minimum, the review certificate must:

(1) Identify the report under review, the real estate interest being appraised, the effective date of the appraisal under review, and the date of review;

(2) Identify the extent of the review process to be conducted;

(3) Form an opinion as to the completeness of the report in regard to the terms of the contract;

(4) Form an opinion as to the completeness of the report under review in light of the requirements of the UASFLA and USPAP;

(5) Form an opinion as to the adequacy and relevance of the data provided and the propriety of any adjustment to the data;

(6) Form an opinion as to the appropriateness of the appraisal methods and techniques used in the report and develop reasoning for any disagreement;

(7) Form an opinion as to whether the analyses, opinions, and conclusions reached in the report are appropriate and reasonable and develop reasoning for any disagreement;

(8) Depending on the level of review authority, indicate either approval of the estimated value provided in the report, or recommend approval or rejection of the report by the next higher level; and

(9) Provide a signed and dated certification to include, but not limited to, the statements listed in [Paragraph 33](#) below.

27. QUESTIONABLE VALUATION/WIDE SPREAD

The reviewing appraiser must be satisfied that the appraisal, or appraisals, support the action under consideration. It is recognized that independently produced appraisals may sometimes result in unsupported or widely divergent value estimates. Reviewing appraisers are confronted with the task of determining the reasons for the difference of opinion. Any difference of opinion should be resolved in field review meetings with the appraiser(s) as suggested in [Paragraph 25](#) above. If there was no field review, or upon completion of the analyses the reviewer is not in agreement with an appraiser's estimate of value, method, technique of arriving at such value, or the supporting data upon which it is based, the appraiser(s) will then be consulted to resolve such differences. If the differences are resolved, the report(s) may be supplemented or changed and resubmitted for approval. If the differences cannot be resolved on a highly ethical basis, predicated upon sound reasoning and adequate data properly analyzed and applied, the report(s) will be forwarded to COMNAVFACENGCOM for review. When such reports are submitted for further review, the reviewing appraiser will submit a record of discussion with the appraiser, a narrative review explaining the difference of opinion, and a recommendation whether an additional appraisal should be obtained.

SECTION V - APPRAISAL REPORT SUBMITTALS

28. SUBMITTAL REQUIREMENTS BY COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND

When appraisal reports are submitted to COMNAVFACENGCOM, they will be accompanied by a copy of the appraisal contract, including the contract scope of work, and a review certificate signed by the authorized review appraiser. When an appraisal report is transmitted to COMNAVFACENGCOM for review, one copy shall accompany such request. When submitted as part of the planning report on acquisition projects, two copies of the appraisal report(s) will be submitted.

29. UPDATING APPRAISALS/RE-APPRAISALS

a. Acquisition Reports submitted to the Armed Services Committees of the Congress include cost estimates, which are based upon appraisals submitted as a part of the Planning Report for the project involved. Since the cited acreage and costs stated in the report set the limit for the acquisition, it is of utmost importance that the appraisals be completed and reviewed

prior to testimony. If there is significant delay between the date of valuation and the date of acquisition, appraisals must be updated to reflect current value. Increases in value during the authorization and appropriation phases should be anticipated and included in the contingency allowance on the project. Subsequent re-appraisals will not be obtained except:

(1) When specific approval has been obtained from NAVFACENGCOM based upon submission of complete justification therefor; or

(2) Upon filing of a Declaration of Taking in condemnation proceedings, an updated appraisal must be procured expeditiously to establish value as of the date of taking.

30. PROHIBITION AGAINST DISCLOSURE OF APPRAISAL INFORMATION

Appraisal reports for future or on-going real estate projects are generally exempt from disclosure under the Freedom of Information Act (FOIA). Appraisal reviews prepared by NAVFAC appraisers are considered internal Navy documents and are not authorized for external distribution. Real estate projects are considered on-going until delivery and acceptance of the deed, lease, easement, or other conveyance document has occurred. Any request for release of appraisals under the FOIA should be coordinated with COMNAVFACENGCOM. Appraisals are obtained solely for use by the Government and may form the basis of testimony in condemnation actions. Disclosure by contract appraisers, staff appraisers and/or Government personnel of the values reported and valuation approaches used to estimate such value is prohibited, except by authorized Government personnel. Authorized Government personnel will be considered to be those personnel directly concerned with and responsible for the consummation of a project. The appraiser must be instructed not to divulge valuation or other information contained in his or her report, except to such personnel, unless so ordered by a court of law having appropriate jurisdiction, and only then when the Government attorney acquiesces to that court.

APPENDICES - FORMS

31. 16-A Contract for Appraisal Services, NAVFAC 11011/7 (5-71)
32. 16-B General Specifications for the Appraisal Report
33. 16-C Review Certificate Statement

APPENDIX 16-A
CONTRACT FOR APPRAISAL SERVICES, NAVFAC 11011/7 (5-71)

Please refer to the following link to the NAVFAC internal library:

<https://portal.navfac.navy.mil/portal/page/portal/559BFFB16FD92503E04400144F414F26>

or

Hold the Control key and click on the following Hyperlink:

[Appendix 16-A](#)

APPENDIX 16-B
GENERAL SPECIFICATIONS FOR THE APPRAISAL REPORT

The appraisal report is a document used to support and to justify in part the decisions made by management. The appraiser, in writing it, should be mindful of the fact that it may be subpoenaed into court or become the subject of investigation by a Committee of the Congress. Therefore, it is essential that its contents reveal that the appraiser has made an intelligent and adequate study and analysis of the appraisal problem, has considered all available, pertinent and reliable data, and that he or she has used sound and logical reasoning in developing his valuation conclusions.

FORMAT. The report shall be bound in a durable cover with a typewritten label on the face thereof, identifying the appraised property. The paper used shall be a good grade bond (the heavier the better in order to withstand repeated usage) of size 8-1/2 X 11 inches. All pages shall be numbered consecutively from the beginning of the report to the end, including maps, plans, photographs and exhibits, and each important heading shall be shown in the Table of Contents.

OUTLINE. To provide uniformity, the text shall be divided into three parts: Part I, Part II, and Part III. The report shall contain tabulations or schedules of supporting data, with brief explanation of their connection with the narrative sections of the report. Computative data in support of the approaches to value should be included. The following specified outline may vary, dependent upon the type of assignment or property under appraisal. For the appropriate format for land acquisitions, please see Appendix B Recommended Format for Federal Appraisal Reports of "Uniform Appraisal Standards for Federal Land Acquisitions". Of necessity, additional data will be required in the case of highly specialized properties. At times certain items may be deleted (as in the case of land valuation). Generally, however, the following outline contains the minimum information required and the omission of any item shall be justified by narrative.

PART I - INTRODUCTION

1. Title Page
2. Table of Contents
3. Letter of Transmittal
4. Summary of Salient Facts and Conclusions
5. Photographs
6. Statement of Limiting Conditions
7. Scope of the Appraisal

PART II - ANALYSIS AND CONCLUSIONS

8. Purpose
9. Effective Date of Value
10. Estate to be Appraised
11. Legal Description
12. City or Area Data
13. Neighborhood Data / Market Analysis
14. Property Data
 - a. Site (descriptive), Soil, Topography, etc.
 - b. Improvements (descriptive)
 - c. Equipment (General Description and Inventory)
 - d. Condition (current for each item or group)
 - e. Assessed Value and Annual Tax Load
 - f. Insurance, Coverage, and Annual Premium Costs
 - g. Legal Restrictions (zoning for subject and comparables, easements, deed restrictions, historic designations, etc)
 - h. History
 - i. Owner Contact
15. Analysis of Highest and Best Use (As if Vacant and As if Improved if applicable)
16. Land Value: Justification
17. Estimate of value as indicated by the Cost Approach
18. Estimate of value as indicated by the Income Capitalization Approach
19. Estimate of value as indicated by the Sales Comparison Approach
20. Correlation and Final Estimate of Value
21. Certification

PART III - ADDENDA

22. Location Map (within the city or area)*
23. Comparative Data Map (showing geographic location of the appraised property and the comparative parcels analyzed)*
24. Detail of the Comparative Data (narrative)

25. Plot Plan*
26. Floor Plans*
27. Other Pertinent Exhibits
28. Qualifications of signatory appraiser

* All maps and plans may be inserted as facing pages opposite the description, tabulation, or discussions they concern.

DESCRIPTION OF CONTENTS

PART I - INTRODUCTION

1. Title Page. This should include (a) the name and street address of the property; (b) the name of the individual making the report; and, (c) the date of the report.

2. Table of Contents. This should be arranged in accordance with the sequence of topical headings with corresponding page numbers.

3. Letter of Transmittal. The purpose of this letter is to transmit the report. It should be addressed to that individual or officer who requested the service. It should contain (a) name and address of the property appraisers; (b) a statement to the effect that a thorough investigation was made, by whom and when; (c) purpose of the appraisal; (d) value estimate; (e) effective date of the appraisal; (f) appraiser's signature; and g) whether the appraisal report is a Self-Contained, Summary, or Restricted Use Appraisal Report.

4. Summary or Salient Facts and Conclusions. The appraiser should report the major facts and conclusions that led to the final estimate(s) of value. This summary should include an identification of the property appraised; a brief description of any improvements; the date of the report; the effective date of value of the appraisal; the property interest appraised; the highest and best use of the property; the indicated value of the property by each approach to value employed; the final estimate of value; any hypothetical conditions, extraordinary assumptions, limiting conditions, instructions that impacted the Scope of Work and/or estimated value.

5. Photographs. These should show at least two elevations, plus any unusual features. There should also be views of abutting properties on either side, and the property directly opposite. Except for the overall view, photographs may be inserted on pages facing the discussion or description which they concern.

6. Statement of Limiting Conditions. This should include statements of assumptions such as:

- a. That the title is marketable.
- b. That no responsibility is assumed by the appraiser for legal matters, especially those affecting title to the property.
- c. That the legal description furnished is correct.
- d. That certain opinions, estimates, or other data furnished by others (and hereby properly identified) are correct.
- e. Any other limiting conditions or assumptions.

7. Scope of the Appraisal. The appraiser shall describe the scope of investigation and analysis that was undertaken in making the appraisal. The appraiser should state the references and data sources relied upon in making the appraisal, and the applicability of all standard approaches to value should be discussed. The exclusion of any approach to value should be explained and justified.

PART II - ANALYSIS AND CONCLUSIONS

8. Purpose. This should detail the purpose for which the appraisal is made, and define each of the values required.

9. Effective Date of Value. The time period relevant to the assignment results; the date as of which the estimated value applies.

10. Estate to be Appraised. The right or interest in the property being appraised.

11. Legal Description. This description identifies the real estate according to a system established or approved by law; an exact description that enables the real estate to be located and identified. Legal descriptions maybe an exhibit in Part III if so stated here.

12. City and Area Data. Only the information relative to the social and economic background of the city or area, together with the appraiser's conclusions as to significant trends that affect the value of the property being appraised should be included. The use of "boilerplate" or demographic and economic data is unnecessary and, unless it directly impacts the current market value of the subject property, should be excluded.

13. Neighborhood Data. This data (mostly social and economic) should be kept to a minimum and should include only such information as directly affects the property being appraised. The purpose of this information is to establish for the reader what the market area is and the characteristics and economics of the area that are important to the appraisal. Both positive and negative aspects of the market area should be discussed.

14. Property Data. Under this heading, there should be included a narrative description of the land and all improvements.

Describe the land, giving dimensions, areas, soil bearing qualities, topography, and any other characteristic that affects value; i.e., mineral deposits, easements, rights of way, permits, etc. If there is an indication that mineral deposits have more than a nominal value, this fact should be clearly stated.

- b. Describe each structure and each utility or outside improvement, stating the sources of the utility. Include, among other things, floor load capacities, ceiling heights and column spacing, elevators, air-conditioning, fire protection, and adequacy of power facilities. State length and gauge of RR trackage, and the number of frogs, switches, turnouts, and bumpers.
- c. Include a general statement of the type and purpose of the equipment. The inventory may include similar items in groupings; each principal item shall be checked and each grouping spot-checked by the appraiser. State the extent to which the equipment has been cannibalized.
- d. The current physical condition and relative use and obsolescence shall be stated for each item or group appraised.
- e. Include the current assessment and dollar amount of real estate taxes. If the property is not taxed, the appraiser shall estimate the assessment in case it is placed upon the tax roll, and state the tax rate.
- f. Insurance. State the total estimated insurance coverage needed and the annual cost of the premium thereon.
- g. Zoning and other legal restrictions. Give the zoning for the subject property and an explanation of the allowable uses. If rezoning is feasible, discuss under (15) below. Describe any other legal restrictions impacting the subject property, such as easements, deed restrictions, historic designations, etc.
- h. History. State the purpose for which the property was designed, dates of original construction and discuss any renovations or alterations; also indicate periods of

- vacancy. Include all options on and transfers of subject property for a 10-year period.
- i. Owner Contact. In accordance with Public Law 91-646 the owner must be contacted by the appraiser during the inspection of the property. The appraisal should provide a copy of the letter requesting the right to inspect the property, and the actual date of inspection.
15. Analysis of Highest and Best Use. The report shall make an analysis and estimate the highest and best use that can be made of the property (land and improvements) for which there is a current market. The valuation shall be based on this use unless the contract scope of work states otherwise.
16. Land Value: Justification. The appraiser's opinion of the value of the land shall be supported by factual data (sales and offerings) of comparable, or nearly comparable, lands having like optimum uses. Differences shall be weighed and explained as to how they indicate the value of the land being appraised.
17. Estimate of Value as indicated by the Cost Approach. The appraiser's estimate of the market value as indicated by the Cost Approach shall be in the form of computative data arranged in sequence, and shall state sources and justification of prices used as well as each type of depreciation.
18. Estimate of Value as Indicated by the Income Capitalization Approach. The appraiser's estimate of value as indicated by the Income Approach shall be arranged in detailed form to show, among other things, the following, and shall include factual data to support each figure and factor used.
- Estimated gross income;
 - b. Vacancy and credit losses;
 - c. Operating expenses, itemized under three subheads to show (1) operating costs, (2) reserves for replacement, and (3) fixed charges (taxes, insurance, etc.);
 - d. Capitalization of net income shall be at the rate prevailing for this time, property, and location. The capitalization rate and technique used shall be justified by a narrative explanation supported by a statement of market sources of rate and factors.
19. Estimate of Value as Indicated by the Sales Comparison Approach. This shall recite the appraiser's opinion as

substantiated by records of sales and offerings of comparable properties. All recent sales should be listed and reflected in this valuation, or their omission explained. Differences shall be weighed and explained in relation to the subject property.

20. Correlation of and Final Estimate of Value. The appraiser shall interpret the foregoing estimates and shall state reasons why one or more of the conclusions reached in Items 17, 18, and 19 are indicative of the market value of the property.

Certification. This paragraph concludes the report and shall contain the certification statements that comply with Standards Rule 2-3 of the edition of "Uniform Standards of Professional Appraisal Practice" (USPAP) that is current at the time of the appraisal. This shall be followed by the appraiser's signature. The edition followed shall be identified and the certification shall be signed by the appraiser.

APPENDIX 16-C
REVIEW CERTIFICATE STATEMENT

Refer to Standards Rule 3-6 of the edition of "Uniform Standards of Professional Appraisal Practice" that is current at the time of the appraisal.