GENERAL OVERVIEW OF THE REVIEW PROCESS

This course covers only the first two(2) of the three(3) ODOT Eminent Domain Real Estate Appraisal Review forms & formats, of which both deal in SIMPLISTIC appraisal problems.

GENERAL OVERVIEW OF THE REVIEW PROCESS

These SIMPLISTIC ODOT forms & formats are:

1. The VA, with its corresponding **RE 25-13, "Review Checklist for the Value Analysis"** review form, and
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And this course does NOT cover the ODOT COMPLET Eminent Domain Appraisal Review forms and formats of the RE 25-16 & RE 25-17, the “formerly the Summary) Right of Way Appraisal Report” – commonly called the “Before and After” appraisal cases template.

General Overview of the Review Process

### 4300 APPRAISAL REVIEW

Any program or project that receiving federal financial assistance or is subject to oversight by ODOT shall have an appraisal review process (OAC 5501:2-5-06(A) and (D). These procedures establish the appraisal review process ODOT utilizes to establish FMVE.

General Overview of the Review Process

4300.01 Legal Requirements for Appraisal Review

A. ODOT Appraisal Review......

It...... Mandatory for...... All......

ODOT Real Estate Appraisals
General Overview of the Review Process

1. To implement this regulation, the procedure at ODOT requires a review of all appraisals or other valuations that are created for the purpose of making an offer to the owner in compliance with ORC 163.04.

There are three(3) categories of ODOT Review Appraisers, which are:

A. ODOT’s own Staff, “Public” Appraisers
B. OHIO LPA Staff, “Public” Appraisers
C. Contract Fee Consultant, “Private” Sector Appraisers

Review Appraisers must be ODOT (pre-qualified):

Only “pre-qualified” review appraisers can review and examine appraisals for ODOT [(OAC 5501:2-5-06(D)(1) and (C)(4)].

Review appraisers are pre-qualified only by ODOT [OAC 5501:2-5-06(C)(4)(a)].
General Overview of the Review Process

2. The list of ODOT (a) staff pre-qualified to review appraisals is maintained by the ODOT Appraisal Unit Manager, Office of Real Estate.

http://www.dot.state.oh.us/Divisions/Engineering/RealEstate/Pages/LPA.aspx

General Overview of the Review Process

a. Only the ODOT Appraisal Unit Manager makes the determination if an ODOT staff person is qualified to perform ODOT appraisal review functions. The level and limitations of review authority is documented in a letter maintained by the Unit Manager (K.O., e.g.). The staff person and the DREA are provided copies of this letter.

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3. The list of (b) LPA staff pre-qualified to review appraisals is posted on the ODOT web page under Office of Real Estate.

http://www.dot.state.oh.us/Divisions/Engineering/RealEstate/Pages/LPA.aspx
General Overview of the Review Process

a. The ODOT Appraisal Unit Manager makes the determination if an LPA staff person is qualified to perform appraisal review functions. The level and limitations of review authority are documented by a letter maintained by the Unit Manager. The LPA staff person and the head of the LPA (agency) are provided copies of this letter.

General Overview of the Review Process

4. Consultants pre-qualified to review appraisals are posted on the ODOT web page under the Office of Consultant Services.

http://www.dot.state.oh.us/divisions/Engineering/consultant/Pages/default.aspx

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a. Reviewer Consultants must be certified or licensed in accordance with OAC 5501:2-5-06(C)(4)(b). To be considered for the ODOT pre-qualification list, a fee consultant must be a state-certified general real estate appraiser approved to perform appraisals in Ohio by the Ohio Department of Commerce, Division of Real Estate and Professional Licensing.
General Overview of the Review Process

- C. Valuation “complexity” determines review level: a.) simplistic, or b.) complex
- The level of review is dependent on the complexity of the appraisal problem (OAC 5501:2-5-06(D)(1)).
- To implement this regulation into its procedure, ODOT has created specific appraisal review templates to be used for each of its valuation formats. See section 4300.05 (A,B,&C) see (Handouts)

General Overview of the Review Process

- The Three(3) ODOT (Eminent Domain) Appraisal Review Templates Are:
  - A.) For the (simplistic) VA: RE 25-13
  - B.) For the (simplistic) VF: RE 25-14
  - C.) For the (complex) R/W Appraisal Report: .......................RE 25-16

General Overview of the Review Process

- **Note #1:**
  - There is also one(1) ODOT NON-Eminent Domain Appraisal Review Template which is the:
  - { USPAP Review } for “ODOT NON-Eminent Domain Appraisal Reports”:
  - D.) the: RE 25-12 (Rev. 01/2014)
General Overview of the Review Process

- **Note #2**: There is also another ODOT Appraisal Review Template for Access Modification cases only, known as the: ODOT "Appraisal Review Form For Access Modification," which is the:
  - E.) RE 25-11
  - *Beyond the scope of this class*

General Overview of the Review Process

- D. ODOT appraisals requiring clarification or correction are to be resolved *before* a review appraiser recommends a report:
  - As needed, the review appraiser shall seek necessary corrections or revisions [OAC 5501:2-5-06(D)(1)]. See section 4300.06 of these procedures for more detail about ODOT's procedure to implement this regulation.

General Overview of the Review Process

- E. Requirement to identify the appraisal report into one of three categories:
  - The review appraiser shall identify each ODOT appraisal report as either:
    1) Recommended;
    2) Accepted; or,
    3) Not accepted [OAC 5501:2-5-06(D)(1)].
F. The **Review Appraiser** may become the "Appraiser of Record":

- The review appraiser **may** offer additional support to the appraiser’s analysis for a recommended value, [OAC 5501:2-5-06(D)(2)]
- so long as the added support conforms with the appraisal requirements of Ohio Administrative Code (OAC) Section 5501:2-5-06(C).

G. The review appraiser is **required** to create a **written** report for ODOT.

- Estimated **Damages** (or benefits) to any remaining/residue property shall be identified in the review appraiser’s report. [OAC 5501:2-5-06(D)(3)].
General Overview of the Review Process

1. **ODOT** implements this regulation into its procedure by having the review appraiser fill out **form RE 22**. See section 4300.07 (page 15-26) for more detail regarding this procedure.

2. This **ODOT RE 22** is also known as the "White Sheet" (done on white paper).

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General Overview of the Review Process

3. If there are tenant-owned (see **ODOT form RE 95**, e.g.) improvements classified as real property, the review appraiser must also fill out **ODOT form RE 22-1**. See section 4300.08 (pages 26-28) for more detail regarding this procedure.

4. This **ODOT RE 22-1 form** is also known as the "Blue Sheet" (done on blue paper).

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General Overview of the Review Process

This **ODOT RE 22-1, Blue Sheet form** is used to differentiate a parcel’s real estate interests from personal property interests. Respectively, the allocated contribution to value interests are itemized on this **RE 22-1, Blue Sheet**. See the Manual chapter 4300.08 shown at pages 4300-26 through 4300-28.
General Overview of the Review Process

- The ODOT RE 22-2, the “Review Appraiser’s Statement,” defines the FEDERAL FUNDING REIMBURSEMENT $$.

- Under the RE 22-2, item 6, the Review Appraiser shall show that portion of the FMVE eligible for Federal Reimbursement. The Review Appraiser is to explain any difference in the appraisal FMVE and the (lesser) amount eligible for the Federal Reimbursement, if any.

General Overview of the Review Process

- H. The Review Appraiser is required to create a signed Certification:
  1. For “simple” VA’s the VA form itself is signed in order to “Certify” all parts of it.
  2. For “simple” VF’s the Certification is made a part of this ODOT form also and the appraisal conclusions are “Certified” here by signing its page 5 at the end of the VF.

- 3. For the Complex ODOT R/W Appraisal Report, the RE 25-17 form (the “Before and After report”), a separate Certification form is used called the ODOT RE 25-6 or the “Certificate of Appraiser.” This is a separate two(2) page form that is attached to the appraisal report for its compliance of “Certification.”
General Overview of the Review Process

- The **Review Appraiser** shall prepare an ODOT signed certification (RE 25-6,e.g.) stating the parameters of the review. The certification shall state the review appraiser's recommended compensation. See section 4100.02 (H & I)(pages 12-14) of these procedures - regarding people having authority to establish FMVE [OAC 5501:2-5-06(D)(3)].

General Overview of the Review Process

- **4300.02 Requirements for Appraisal Review**

- The review appraiser **cannot** establish ODOT FMVE for the District.

General Overview of the Review Process

- A review appraiser **cannot** review and **concur** their own ODOT real estate appraisal work!
General Overview of the Review Process

- However, a **Review Appraiser may** supplement the work of the appraisal under review, and then base their recommendation of compensation on the initial analysis plus/subject to the modifications or changes offered by the **Review Appraiser**.

General Overview of the Review Process

- The **Review Appraiser** must then/still comply with the requirement to support an ODOT "Recommended" FMVE in compliance with OAC 5501:2-5-06(D).

General Overview of the Review Process

- **Note**: A **Review Appraiser** cannot be under any employment agreement (to a Consultant or an LPA) as an **Appraiser** for a project and also be a **Review Appraiser** of appraisals on that project.
A Review Appraiser cannot be in a position which would compromise the integrity of the review process and must avoid any appearance of impropriety. There must be NO CONFLICTS OF INTEREST whatsoever.!!!

The Review Appraiser must be able to perform the review in a competent, unbiased manner in compliance with these procedures.

4300.03 Purpose of Appraisal Review

A. The three(3) purposes of ODOT Appraisal Review are:
General Overview of the Review Process

1. To ensure owner(s) of real property acquired receive fair and reasonable compensation for the part taken and damages, if any, for the part not taken.

2. To ensure appraisals and valuations comply with law, regulation, these procedures; and that the valuation issues identified by the District in the ODOT Parcel Impact Notes (PIN’s) are addressed in the appraisal report.

3. To assist the District in expediting the ODOT Appraisal and Appraisal Review processes, so (a) offers of compensation can be made to property owners, (b) the rights of way needed for transportation projects can be cleared, and (c) the projects can enter into their construction phase.
General Overview of the Review Process

- **4300.04 The Process for Appraisal Review (see 4300, pages 5-7)**
- **A.** The appraisal is delivered to ODOT.
- **B.** The appraisal is provided to the **Review Appraiser** who performs the review function.

General Overview of the Review Process

- **C.** A field review is done:
  - **The Review Appraiser** is required to:
    - physically drive by and view the appraised property,
    - drive by and view the relevant comparable sales,
    - drive through and view the neighborhood/area and
    - compare what is physically observed in the right-of-way plans that are in hand to the information in the appraisal report.

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- The **Review Appraiser** need not physically view the interior of the structure as this is the responsibility of the appraiser. However, the review appraiser, at his/her discretion, may view the interior of the structure if warranted for any reason.
D. Also, the Review Appraiser is required to:

1. Determine that the appraiser is pre-approved by ODOT to perform the appraisal function.

2. For certified or licensed appraisers, determine the category of property appraised is within the scope of their certification or license.

3. Read the entirety of the appraisal report.

4. Check mathematical calculations for accuracy.

5. Determine if the appraisal answered the issues identified in the Parcel Impact Notes (PIN's). Verify the PIN is a part of the appraisal report and is signed by all parties. See section 4100.02 (A) of this Manual for more detail about PIN's.
6. Determine the appraiser adequately considered the right-of-way plans, the takings, and the impact of the takings to the residue.

7. Determine the appropriate approaches to value have been utilized by the appraiser.

8. Determine the appraisal report complies with USPAP.

9. Determine that the approaches to value used in the report comply with accepted appraisal standards, techniques and methodologies.

10. Determine the appraisal is compliant with the procedures for ODOT and its Real Estate Policies & Procedures Manual.

11. Determine the appraisal meets all applicable laws and regulations such as the Uniform Act, 49 CFR, Ohio Revised Code, and Ohio Administrative Code.
12. Determine that you, as the **Review Appraiser**, understand the reasoning, analysis, and conclusions presented in the appraisal report.

13. Determine the value(s) estimated and the compensation estimate reported in the appraisal report is/are credible.

14. The **Review Appraiser** is encouraged to call and talk to the Appraiser to gain a better understanding of information regarding the property, analysis, values or conclusions reported in the appraisal, but **Never Steer**.

Always respect the appraiser’s work......it is **their** work, and NOT your's!
General Overview of the Review Process

However, the **Review Appraiser** may never pressure, force or steer an appraiser to a conclusion that is not the appraiser’s. *Everything* in the body of the appraisal belongs to the appraiser and not the **Review Appraiser**.

15. The **Review Appraiser** is required to seek corrections or clarification if it is determined that corrections or clarification are necessary. If corrections or clarification are necessary, the **Review Appraiser** is required to create a **Review Letter**. See section **4300.06** of these procedures for more information regarding **Review Letters**.

16. Appraisals should not be rejected, **Review Letters** should not be created, and the appraisal process should not be delayed for small, inconsequential issues. This does **NOT** apply to issues of consequence affecting either **value** or **compensation**.
General Overview of the Review Process

- This requires **Review Appraisers** to have good skill, knowledge, and common sense. For more information regarding the qualities of a **review appraiser**, see Appendix A of 49 CFR, Part 24, Subpart B, Section 24.104.

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- E. After the field & review process is completed, the **Review Appraiser** then fills out the appropriate ODOT review template for the type of appraisal or valuation received, and then, the **Review Appraiser** has the following three(3) options:

  1. If the appraisal meets standards, needs no corrections and in the **Review Appraiser’s** opinion, should be the basis of ODOT’s offer of compensation; then, the **Review Appraiser** rates the appraisal as “Recommended” and proceeds to fill out the **RE 22 form**.
2. If the appraisal meets standards, needs no corrections, but in the Review Appraiser’s opinion, should **not** be the basis of ODOT’s offer of compensation; then, the Review Appraiser rates the appraisal as (only) “Accepted.”

ODOT may now (1) obtain another appraisal report or (2) the Review Appraiser may create the additional documentation necessary to support another (a 2nd appraised) value that then may become the basis for the estimated (FMVE) compensation.

3. If the appraisal does **not** meet standards and also needs corrections, the Review Appraiser shall rate the report as “Not Accepted” and then shall **seek corrections** from the appraiser.

And, these corrections are sought via an ODOT formatted “Review Letter.”
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- The Review Appraiser shall create a Review Letter [see section 4300.06 (A), at pages 12-14, for more information about this letter] and then issue this letter to the appraiser.

- The Appraiser is given an opportunity to correct the identified problems. Then the corrected appraisal is again submitted to the Review Appraiser who again reviews the appraisal report.

- At this final point the Review Appraiser shall rate the corrected appraisal as either (ODOT's specific categories):
  1. “Recommended”
  2. “Accepted”
  3. “Not Accepted.”

Note: Review Letters shall always accompany appraisal reports rated as “not accepted.”
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F. The Review Appraiser shall complete the ODOT form RE 32 (Review Appraisers Fair Market Value Estimate-FMVE) for the VF and the RE 25-17, but **NOT** the VA, when the appraisal is "Recommended" as the basis of FMVE. See 4300.07, pages 15-26 of these procedures for more information about the RE 22 form (white sheet) and recommendation process.

General Overview of the Review Process

- **4300.05** ODOT Review Formats

  - A. Review of the Value Analysis Report the "(VA)"
    
    (This is the "Waiver of Valuation")

General Overview of the Review Process

- 1. The reviewer of the ODOT Value Analysis Report (VA) needs to be aware of the procedures for the creation of the VA. See 4200.02(B) of these procedures for more information about the rules and content requirements affecting the preparation of VA’s.
2. All VA templates shall be reviewed by a Review Appraiser who has been pre-qualified by ODOT to perform appraisal reviews. The person who prepares the VA cannot review the same report. The ODOT Manager of the Appraisal Unit shall determine and document by letter which agency staff have authority to review a VA. The Review Appraiser shall complete the review using ODOT form RE 25-13.

3. Once the VA is reviewed and “Recommended”, the District shall establish FMVE based on the approved VA report.

4. ODOT's FMVE is established by the authorized manager of the District - see section 4100.02(I) of the ODOT Real Estate P&P Manual. The authorized manager will thoroughly review the VA form and establish FMVE by signing their name and title in the appropriate space.
General Overview of the Review Process

- The ODOT District manager is cautioned at this point to not sign the form blindly as this function is a commitment of public funds and should be accorded the respect such responsibility demands. If the ODOT manager is concerned about the execution of the procedures or the recommendation of the estimated compensation, the manager may seek further assurances or may seek a second opinion of value.

5. The required forms for the Review of the ODOT Value Analysis Report (VA) are:


- This form is the ODOT exclusive review checklist for the ODOT VA form and process. This form also includes:
  - 1. Review Appraiser’s certification statement, and
  - 2. Review Appraiser’s signature line.
General Overview of the Review Process

If the VA is “Accepted” (which here also includes “Recommended”), then the Review Appraiser signs the **RE 25-13 form** on its signature line.

And then, the Review Appraiser is also to sign the appropriate signature line on the VA form itself.

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- If there are minor/typographical mistakes on the VA which can easily be corrected, the Review Appraiser is expected to make the necessary “Pen & Ink” changes on the front of the VA and then initial and date the corrections in compliance with the guidance provided in Section 4300.05(A)(7) of the ODOT Real Estate P&P Manual.

General Overview of the Review Process

- **NOTE:** Generally, there is no **RE 22** (white sheet) form filled out by the person reviewing and “recommending” the Value Analysis (VA) Report as the basis of compensation. The Review Appraiser’s signature on the VA form itself signifies that the Review Appraiser is recommending the VA as the basis for FMVE.
General Overview of the Review Process

The VA form is all inclusive having:
1.) the preparer’s/Appraiser’s name,
2.) the Review Appraiser’s name, and
3.) the name of the Assigned Person of Authority from the ODOT agency, who establishes FMVE and the FMVE amount.

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RE 22-1: This form is to be completed if ODOT FMVE needs to be allocated between ownership interests (see RE 95, e.g.), (real estate vs personal property).

Review Letter: This ODOT letter must be created if the VA is “Not Accepted,” (and includes (not) “Recommended”).

General Overview of the Review Process


Note: Go to page 4300-9 & 10 in the ODOT Appraisers RE Operating Manual for more detail and review explanation.
General Overview of the Review Process

b. Review of the RE 90 (formerly the Summary) Appraisal Report in a Value Finding Format (VF)

Note: The VF cases are:
B. 1. "Simplistic",
   C. 2. are ordinarily for (only) vacant land value,
   3. & are conclusions of $65,000 or less.

General Overview of the Review Process

1. The Review Appraiser of the ODOT Value Finding (VF) needs to be aware of the procedures for the creation of the RE 90, the VF. See 4200.02 (C) of these procedures for more information about the RE 90, the VF.

General Overview of the Review Process

2. All VF reports shall be reviewed by a Review Appraiser preapproved by ODOT. The Review Appraiser shall complete the ODOT appropriate VF review form, which is exclusively the RE 25-14 (Rev. 01-2014).
General Overview of the Review Process

3. Once the VF Report is fully Reviewed and "Recommended", the District/LPA shall establish ODOT's FMVE based on that "Recommended" VF/RE 90 report.

ODOT's FMVE is "Recommended" only by the Review Appraiser completing form RE 22.

General Overview of the Review Process

The Review Appraiser then sends the completed RE 22 form to the District where an authorized ODOT manager "establishes" FMVE - See 4100.02(I) of the Real Estate P&P Manual. The authorized manager will fully Review the form and establish FMVE by signing their name and title in the appropriate space on the RE 22.

General Overview of the Review Process

The District's ODOT manager is cautioned at this point to not sign the form blindly as this function is a commitment of public funds and should be accorded the respect such responsibility demands. If the ODOT manager is concerned about the execution of the procedures or the recommendation of the award, the manager may seek further assurances or may seek a second opinion of value.
General Overview of the Review Process

- The **Review Appraiser** for the **RE 90/VF** is **required** to fill out the following **ODOT** forms:

  - **RE 25-14**: Review of the RE 90 Value Finding Appraisal Report. This **ODOT form** is a checklist for the **Review Appraiser** and ensures the **Value Finding (VF)** is the appropriate format for the appraisal problem.

- **ODOT RE 25-14 form** also includes a **Review Appraiser’s Certification statement and signature line.**

General Overview of the Review Process

- **RE 22**: This **ODOT form** is to be used when the **VF** has been **“Recommended”** as **ODOT’s FMVE.** (It is the “White Sheet”)

- **RE 22-1**: This form shall be used if **ODOT’s FMVE (100%) needs to be allocated between ownership interests.**

- **RE 22-2**: The **Review Appraiser’s Statement** is to be filled out if the appraisal is **“Recommended.”** (eg: Fed $0.00).
General Overview of the Review Process

- ODOT’s "Review Letter": This letter is to be created if the appraisal is "Not Accepted" or there are issues which must be resolved prior to the RE 22 being prepared, or if there are other items which are noncompliant with established ODOT RE appraisal policy & procedures.

GENERAL OVERVIEW of the REVIEW PROCESS

- CONCLUSIONS