



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

ENVIRONMENT, FISH AND WILDLIFE

February 5, 2010

In reply refer to: KEW-4

Dear Fish and Wildlife Project Sponsor:

The Bonneville Power Administration's (BPA) implementation of the Fish and Wildlife Program frequently involves securing real property interests to protect, mitigate and enhance fish and wildlife adversely affected by the construction and operation of the Federal Columbia River Power System. In determining the fair market value of these properties, BPA must comply with federal law and regulations regarding the federal appraisal review process. BPA proposes to adopt the guidelines and requirements outlined in the attached "BPA Fish and Wildlife Appraisal Requirements" and seeks your review and comment prior to adoption, scheduled for April 1, 2010.

During the past two years, up to 30 percent of the appraisals that have been submitted have not met federal requirements and standards, and were inadequate to support land acquisition or easement purchases under the Fish and Wildlife Program. This has resulted in delays in the review process and consequently, in the date of acquisition. Many of you along with BPA's COTRs may have experienced these delays. BPA anticipates that these guidelines will provide clarity of expectations for appraisals and streamline the acquisition process.

BPA's real property appraisal staff developed the attached guidelines and requirements document that includes a summary of definitions, references, and requirements of the appraisal process. This document is intended to inform fish and wildlife project sponsors of the requirement standards that appraisals (and appraisers) will be *required* to meet for appraisals prepared under the Fish and Wildlife Program. You will note also that there are special appraiser certifications that have not been required in the past. BPA is providing this information early to sponsors, so as to allow them an early heads up before these requirements go into effect.

BPA is seeking your review and comment on the proposed appraisal requirements during a 30-day comment period. Comments are due not later than March 5, 2010. Please provide your written comments to Steven C. Bottemiller, MAI Chief Appraiser sbottemiller@bpa.gov, the primary contact for this document. Please also copy Jennifer Yarman jayarman@bpa.gov, Fish and Wildlife Program administrative assistant. We will revise the guidelines document following consideration of your comments, with anticipation that they will go into effect on April 1, 2010.

For additional information or to arrange for additional consultation on the proposed requirements, you may contact Steve Bottemiller at 503-230-5541 or you may contact David Byrnes from my staff at 503-230-3171.

Sincerely,

A handwritten signature in cursive script that reads "William C. Maslen".

William C. Maslen
Director of Fish & Wildlife

Attachment:
BPA F&W 2010 Appraisal Standards

Cc:
Mr. Tony Grover, Northwest Power and Conservation Council
Mr. Brian Lipscomb, Columbia Basin Fish and Wildlife Authority

BPA FISH AND WILDLIFE APPRAISAL REQUIREMENTS
DEFINITIONS, REFERENCES AND REQUIREMENTS
FOR ALL APPRAISALS SUBMITTED FOR FUNDING TO THE
BONNEVILLE POWER ADMINISTRATION (BPA) FISH AND WILDLIFE PROGRAM

January 18, 2010

I. COMPLIANCE DATE FOR THE ENCLOSED REQUIREMENTS AND GUIDELINES:

The requirements and guidelines set forth in this transmittal take effect on April 1, 2010. Appraisal reports under contract before April 1, 2010 will be accepted for review by the BPA under the contract terms agreed to with the appraiser.

II. COMPLIANCE WITH FEDERAL REQUIREMENTS AND GUIDELINES:

All definitions and requirements to be included in the appraisal must be consistent with the following publications:

- 1) Uniform Appraisal Standards for Federal Land Acquisitions [(UASFLA) “Yellow Book”] (<http://www.justice.gov/enrd/land-ack/TOC.html>).
- 2) Uniform Relocation Assistance and Real Property Acquisition Regulations for Federal and Federally Assisted Programs (49 CFR Part 24), revised in January 4, 2005 (Public Law 91-646) (<http://www.fhwa.dot.gov/realestate/ua/index.htm>).
- 3) The Uniform Standards of Professional Appraisal Practice (USPAP) ([Website Location to USPAP](#)).

III. SPECIFIC MINIMUM APPRAISAL REPORT COMPLIANCE ITEMS REQUIRED IN ALL REPORTS PREPARED FOR BPA USE:

1. Proper documentation of the landowner contact and an invitation to the landowner to accompany the appraiser on the property inspection must be included in each appraisal report. Public Law 91-646 [49 CFR Part 24.102(f) Basic Acquisition Policies].
2. Definition of “Market Value”: UASFLA “The Yellow Book”, Section A-9 Page 13.

3. Highest and Best Use must be based on an economic use: UASFLA “The Yellow Book”, Section A-14 Page 18.
4. The appraisal valuation conclusion must be based on an economic use and not a Public or Special Interest Use Value premise.
5. A ten-year sales history of the subject property (ies) together with the last sale of the property irrespective of the date and any listings or prior offers within said time period are required: UASFLA “The Yellow Book”, Section A-13e Page 15
6. Note: “Comparison of USPAP and the Uniform Appraisal Standards for Federal Land Acquisitions”: UASFLA “The Yellow Book”, Section D-1 Pages 77-79.
7. Reference linking the “Estimate of Value to a Specific Exposure Time” shall not be included in the appraisal report: UASFLA “The Yellow Book”, Section A-9 Page 13, Section D-1(b) Page 78.
8. Scope of Work: The applicability of all standard approaches to value shall be discussed and the exclusion of any approach to value shall be explained: UASFLA “The Yellow Book” Section A-8 Page 12.
9. All comparable sale data shall comply with the UASFLA “The Yellow Book” requirements cited under B-4 pages 37-40 and Section A-17 pages 20 to 22
10. Comparable sales (to and/or for other government agencies) requiring Extraordinary Verification and Treatment must be addressed in an appropriate manner: UASFLA “The Yellow Book”, Section D-9 Page 84.
11. The Date of Value shall be the Date of Physical Inspection of the subject property by the appraiser.
12. Submit appraisal report (s) to The BPA for review and approval through The BPA Project Manager.
13. The larger parcel shall be identified and the impact of the acquisition on the larger parcel needs to be analyzed: UASFLA “The Yellow Book” Section B-11, Pages 47 through 41 and Section B-13 Pages 53 through 55.
14. Color photographs of the subject and all comparable properties, together with a location map clearly exhibiting all sales in relation to the subject, must be included in all copies of the appraisal report: UASFLA “The Yellow Book” Section A-17 Pages 21-22. The location map must have appropriate distinguishing landmarks to assist the appraiser during a field inspection.

15. A GPS coordinate is needed of the locations indicating where each photo is taken for the subject property(s) as well as for the comparable sales used in this report. This coordinate will be included in the photo caption as well as the name of the person taking the photo and the date the photo was taken. The BPA will be using these coordinates in completing a field review of this report: UASFLA “The Yellow Book” Section A-17 Page 21.
16. Discussion relative to the comparable properties used in the appraisal report shall include individual narrative comments and adjustment conclusions as to the value each comparable property indicates for the subject, together with an overall summary conclusion. **If** an adjustment grid tabulation is used, it shall be clearly presented containing all adjustments and supported through market sources: UASFLA “The Yellow Book” Section A-17 Pages 21-22.
17. The Appraisal Certification shall include a statement indicating the contract appraiser has personally inspected the appraised property and all comparable sale properties used in arriving at the estimate of value. In addition, the concluded final estimate of “Market Value” and date of valuation shall be included in the Appraisal Certification. The appraisal will be rejected if these items are not present: UASFLA “The Yellow Book” Section A-4 Pages 9-10.
18. The enclosed checklist must be filled out and located in the addenda of the appraisal report. Failure to include this completed checklist will cause immediate rejection of this report.

IV DOCUMENTATION

The appraiser (s) will provide an appraisal report both in hard copy and PDF electronic format to comply with the rules and regulations described by reference in this transmittal. The BPA needs to be listed as either the client or an intended user of the report. It is further recommended that the phrase “For the United States Government Agencies and Bureaus (attention: The Bonneville Power Administration) use”. The appraisal employment contract including the appraisal instructions and fee for appraisal services must be included in the addenda of the appraisal report. The BPA Appraisal Department will accept appraisals with dates of value within six months of the time of receipt in the department. Reports with dates of value exceeding six months may or may not be accepted without an update.

V APPRAISER REQUIREMENTS

The principle appraiser must be a Certified General Appraiser in the State where the subject property is located or hold a Certified General Appraiser license in another state that will be

granted reciprocity by the state licensing agency governing the location of the subject property (s).

As of October 1, 2010: **All** appraisers providing easement related appraisals for The BPA Fish and Wildlife program **will** be required to show proof of attendance and passing either the Appraisal Institute's or American Society of Farm Managers and Rural Appraiser's Valuation of Conservation Easement Certificate Program course. In addition, **All** appraisers are required to have taken a UASFLA "The Yellow Book" course/seminar sponsored by a member of the Appraisal Foundation and passed the appropriate examinations. Reports received after this date will be rejected if evidence of the Valuation of Conservation Easement Certification and the UASFLA "The Yellow Book" course of study are not present by reference or exhibit in the report.

VI VALUATION METHODS TO BE USED

Valuation Methods to be used are to be determined by the appraiser (s) and must be consistent with the prior referenced Federal Requirements in Section I. If conflicts arise between the requirements of UASFLA "The Yellow Book", Public Law 91-646 (49 CFR Part 24), revised in January 4, 2005 and USPAP, The BPA Appraisal Staff assigned to the project will instruct the appraiser(s) regarding which requirements are to be followed. The BPA appraisal staff are available to respond to questions by the appraiser(s) regarding appraisal methodology and procedures.

APPRAISAL REQUIREMENT CHECK LIST

BPA REQ. #	APPRAISAL REPORT PAGE/S/ #	MINIMUM / SPECIFIC APPRAISAL REQUIREMENTS
III-01	_____	Documentation of the landowner contact
III-02	_____	Market Value Definition
III-03	_____	Highest and Best Use
III-05	_____	Subject Sales History
III-07	_____	Exposure Time Statement
III-08	_____	Scope of Work
III-10	_____	Use of Extraordinary Verification of Sales
III-13	_____	Larger Parcel Identification
III-14/15	_____	Subject Photos
III-14/15	_____	Comparable Photos
III-14	_____	Sale Map
III-16	_____	Sales Data Compliance with UASFLA
III-16	_____	Sales Analysis
III-16	_____	Adjustment Grid
III-16	_____	Adjustment Analysis
III-11	_____	Date of Value
III-17	_____	Appraisal Certification with UASFLA Requirements
III-15	_____	BPA GPS Requirements
V	_____	Valuation Conservation Easement Certificate