

Department of the Interior Departmental Manual

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Part 602: Land Acquisition, Exchange, and Disposal

Chapter 1: Appraisal and Valuation Services for Real Property

Originating Office: Appraisal and Valuation Services Office

602 DM 1

1.1 **Purpose.** This Chapter provides the Department of the Interior (Department) policy governing all real property appraisal and valuation services, including mineral economic evaluations and development of valuation policy for the Department.

1.2 **Scope.** This policy applies to all appraisal and valuation services provided or overseen by the Appraisal and Valuation Services Office (AVSO). The AVSO is responsible for all real property appraisals and valuation services, valuation policy, and mineral economic evaluations for the Department including appraisals and valuations of Indian trust and restricted fee property. From time to time, Government agencies outside the Department may request AVSO valuation services or oversight.

1.3 **Authorities.** Various legal authorities guide the appraisal and valuation services processes within the Department. The following is a non-exhaustive list of laws applicable to the AVSO or real property managed by the Department's Bureaus/Offices that routinely affect real property appraisal and valuation services for the Department.

A. Federal Land Policy and Management Act of 1976 (FLPMA), as amended [Pub. L. 94-579, 90 Stat. 2743 (1976) (codified as amended at 43 U.S.C. §§ 1701–1787)]. This act provides the Secretary of the Interior comprehensive authority and guidelines for the administration and protection of Federal lands primarily under Bureau of Land Management jurisdiction. It includes uniform rules and regulations pertaining to land appraisals that reflect nationally recognized appraisal standards and well-established procedures and guidelines for the resolution of appraisal disputes.

B. Federal Land Exchange Facilitation Act of 1988 (FLEFA) [Pub. L. 100-409, 102 Stat. 1086 (1988) (codified at 43 U.S.C. § 1716)]. Section 3 of this act amends the FLPMA to provide uniform criteria for land appraisals related to land exchanges that reflect nationally recognized appraisal standards and established procedures for resolution of appraisal disputes.

C. Financial Institutions Reform, Recovery and Enforcement Act of 1989, Title XI, as amended [Pub. L. 101-73, 103 Stat. 183 (1989) (codified as amended at 12 U.S.C. § 3331)]. This act requires the establishment of state programs for the licensing and certification of appraisers. Office of Management and Budget (OMB) Bulletin 92-06, March 19, 1992, provides that Federal appraisers need only be licensed in one state or territory to conduct appraisal work on behalf of the United States.

D. Indian Land Consolidation Act of 1983 (ILCA), as amended [Pub. L. 97-459, 96 Stat. 2517 (1983) (codified as amended at 25 U.S.C. §§ 2201–2221)]. The ILCA authorizes the Secretary of the Interior to acquire from willing sellers, and at fair market value, any fractional interest in trust or restricted land, in order to: prevent further fractionation; consolidate fractional interests and ownership into usable parcels in the name of the tribe/band, in a manner that enhances tribal sovereignty, promotes tribal self-sufficiency and self-determination; and reverses the effects of the allotment policy on Indian tribes.

E. Indian Self-Determination and Education Assistance Act of 1975 (ISDEAA), as amended [Pub. L. 93-638, 88 Stat. 2203 (1975) (codified as amended at 25 U.S.C. §§ 5301–5368)]. This act authorizes the Secretary of the Interior to enter into contracts and compacts with, and make grants directly to, federally recognized Indian tribes and tribal consortiums. This authority includes operation of the real estate appraisal function through an agreement between tribes, the Bureau of Indian Affairs, and the Office of Self Governance on behalf of the AVSO.

F. Indian Trust Asset Reform Act (ITARA) [Pub. L. 114-178, 130 Stat. 432 (2016) (codified at 25 U.S.C. §§ 5601–5636)]. Title III of the act is intended to ensure a more efficient and streamlined administration of duties of the Secretary of the Interior with respect to providing services and programs to Indians and Indian tribes, including management of Indian trust resources. The act requires appraisals and valuations of Indian trust property be administered by a single Bureau, agency, or other administrative entity within the Department. It requires the Secretary of the Interior to establish and publish in the Federal Register minimum qualification requirements for individuals who prepare appraisals and valuations of Indian trust property. The act also allows an appraisal or valuation by a qualified individual to be considered final for purposes of effectuating the transaction for which the appraisal or valuation is required without requiring additional review and approval by the Secretary of the Interior when certain criteria are met.

G. Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, as amended [Pub. L. 91-646, 84 Stat. 1894 (1971) (codified as amended at 42 U.S.C. §§ 4601–4655)]. This act establishes standards for the appraisal of property for direct Federal acquisitions for both voluntary purchase and condemnation, as well as appraisal requirements for federally assisted acquisitions of real property interests.

H. Land and Water Conservation Fund Act of 1965, as amended [Pub. L. 88-578, 78 Stat. 897] (1965) (codified as amended in scattered sections of title 54 U.S.C.)). This act establishes in the U.S. Treasury a fund that may be used to acquire land, water, or an interest in land or water within the exterior boundaries of units of the National Park System; for various areas administered

by the U.S. Fish and Wildlife Service; and for various areas administered by the U.S. Forest Service. The act also authorizes the Secretary of the Interior to make minor changes to the boundaries of units of the National Park System and to acquire, by various means, land, water, or interests in land or water added to system units

1.4 Objective. The AVSO is responsible for all real property appraisal and other valuation services within the Department and provides these services to the Bureau of Indian Affairs, the Bureau of Land Management, the Bureau of Indian Education, the Bureau of Reclamation, the National Park Service, and the U.S. Fish and Wildlife Service. The AVSO also provides these services to various tribal land management programs operating under the ISDEAA. The primary objective of the AVSO is to provide credible and impartial valuation services that are equitable to the United States and any non-Federal parties involved. The valuation services provided comply with the type and definition of value in the authorizing statute, regulation, policy, the Uniform Appraisal Standards for Federal Land Acquisition (UASFLA), the Uniform Standards of Professional Appraisal Practice (USPAP), or a combination of these authorities and applicable standards.

1.5 Responsibilities.

A. Director, AVSO. The Director provides leadership, strategic direction, and overall program management for real property appraisal and valuation functions, including program policy and guidance (112 DM 33).

B. Principal Deputy Director. Responsibilities reserved to the Principal Deputy Director (in addition to those listed in 112 DM 33) include:

- (1) Performing valuation services for the Department and other Federal agencies.
- (2) Serving as final authority for valuation policy and guidance to ensure consistency within the Department.
- (3) Providing the Office of the Secretary Freedom of Information Act (FOIA) Officer with AVSO and/or valuation records, upon request.
- (4) Releasing AVSO work products, in full or with redactions as appropriate, to state appraiser-licensing authorities for license applications or potential disciplinary action by the state regulatory board.
- (5) Releasing AVSO work products, in full or with redactions as appropriate, to professional appraisal organizations for peer review for accreditation or disciplinary actions by a professional appraisal organization.
- (6) Working with the Office of the Solicitor and other Bureaus/Offices to respond to subpoenas or Touhy requests regarding valuation matters affecting AVSO records or

employees.

(7) Working with the Department of Justice in providing valuation records and information, or testimony, or performing valuation services.

C. Associate Deputy Director. Responsibilities reserved to the Associate Deputy Director (in addition to those listed in 112 DM 33) include:

(1) Serving as senior advisor to the Director for outreach and relations with Bureaus/Offices within the Department as well as tribes and individual Indians.

(2) Overseeing and managing self-governance/self-determination relationships for the AVSO.

(3) Serving as the liaison and point of contact for tribes that have established their own appraisal programs pursuant to the ISDEAA.

(4) Supporting the Principal Deputy Director and Chief Appraiser in the development of appraisal policies and methodologies for appraisals performed on Indian trust land.

D. Chief Appraiser. Responsibilities reserved to the Chief Appraiser (in addition to those listed in 112 DM 33) include:

(1) Approving all AVSO requests for legal opinions or instructions related to valuation assignments and evaluating legal instructions for their propriety to the assignment.

(2) Determining qualifications and competency for staff and fee appraisers preparing valuation products for AVSO review, for appraisals submitted pursuant to ITARA, and for appraisers completing work for Federal assistance programs with the Department's Bureaus/Offices.

(3) Delegating authority to Bureau staff to prepare waiver valuations under applicable authorities that allow for re-delegation of preparation authority, as appropriate and consistent with Bureau policy.

(4) Developing minimum qualifications for Bureau staff exercising the delegated authority to prepare waiver valuations.

(5) Delegating authority to AVSO staff to review and approve valuation reports on behalf of the Secretary of the Interior.

(6) Ensuring that valuation products prepared by the AVSO comply with statutory authority, applicable regulations, valuation standards, and the assignment specific Statement of Work.

- (7) Evaluating alleged violations of the USPAP.
- (8) Developing valuation policy and guidance for the Department.
- (9) Approving the need for multiple valuation products of the identical estate appraised.
- (10) Responding to requests for records, information, or testimony related to judicial or administrative hearings and determining appropriate personnel for the assignment.

E. Deputy Directors. Deputy Directors serve as overall division supervisors who focus on meeting Department valuation needs through staff performance. Their responsibilities include:

- (1) Serving as a member of the AVSO executive leadership team.
- (2) Serving as the point of contact for Bureaus at the national level.
- (3) Staffing and workload planning in coordination with the Principal Deputy Director and/or the Director.
- (4) Planning and implementing division budgets in coordination with the Business Services Office.
- (5) Monitoring division performance based on AVSO metrics and developing division and team metrics to ensure that areas of success are recognized and areas for improvement identified.
- (6) Guiding employee development of the division staff through coaching and mentoring and the use of Individual Development Plans.

F. Team Lead Appraisers (TLA)/Regional Supervisory Appraisers (RSA). The TLAs and RSAs focus on valuation case management and workflow for their assigned workgroup. Responsibilities of the TLA/RSA include:

- (1) Acting in the absence of the Deputy Director for their respective division as needed.
- (2) Serving as the point of contact for Bureaus at regional or field levels.
- (3) Assigning valuation cases to appraisal staff through the appropriate valuation case management system for their division.
- (4) Monitoring and reporting team metrics to Deputy Directors.

(5) Coordinating or performing second-level reviews as necessary.

(6) Managing the quality control function within their team as directed by the Deputy Director.

G. AVSO Appraisers. The AVSO appraisers include both appraisers and review appraisers. Responsibilities of all AVSO staff licensed to do appraisals and/or reviews include:

(1) Developing and reporting analyses, opinions, and conclusions for intended users in a manner that is credible and consistent with applicable law, regulation, valuation standards, and Departmental policy.

(2) Conducting independent and defensible real property valuation services in an efficient, timely, and fiscally responsible manner in accordance with the highest professional and ethical standards. These include all types of appraisal practice, including appraisal, appraisal review, consultation, feasibility analysis, and any other service while acting as an appraiser on behalf of the AVSO and the Department.

H. Division of Minerals Evaluation (DME). The DME provides minerals economic evaluations and mineral commodity valuations for the Department's Bureaus/Offices. When requested by other divisions within the AVSO or other Government agencies, the DME evaluates mineral potential for the estate to be valued, prepares value schedules for mineral commodities, provides mapping or other property descriptions, or identifies potential fractionated estates.

1.6 Appraiser Qualifications and Requirements.

A. AVSO Appraisers.

(1) The minimum level of state appraisal licensure for all journey-level appraisers GS-1171-11 or higher shall be Certified General.

(2) The Director of AVSO and all other appraisal staff GS-1171-13 and higher grade, including the Principal Deputy Director, Associate Deputy Director, Chief Appraiser, Deputy Directors and TLAs/RSAs must have a professional valuation organization designation or accreditation that includes experience requirements, training in appraisal practice approved by the Appraiser Qualifications Board, a demonstration report, and a comprehensive examination.

B. Fee Appraisers. Fee appraisers preparing valuation products for AVSO review or for other programs subject to AVSO oversight, including Federal financial assistance programs, must hold a valid license as a Certified General Appraiser for the jurisdiction in which the subject property is located. Valid credentials include those obtained directly from the jurisdiction, those issued under a reciprocity agreement, and/or those characterized as "temporary" under the jurisdiction's licensing and certification statutes. For assignments with direct oversight by the AVSO, the assigned AVSO review appraiser must approve training and experience qualifications of

fee appraisers prior to the commencement of an appraisal assignment.

1.7 Valuation Services.

A. Valuation Products. The AVSO performs valuation services in accordance with statutory authority, applicable regulations, valuation standards, and Departmental policy. AVSO appraisers will not prepare appraisal reports for mortgage lending or donations of interests in land, including for charitable contributions related to the Internal Revenue Service.

(1) Valuation Reports. The AVSO performs only one appraisal for each subject property. An appraisal report may include more than one value opinion for complex, multi-estate assignments, project appraisal reports, or include different values for different valuation scenarios.

(2) Valuation Review Reports. The AVSO provides assignment instructions in the form of a Statement of Work for all valuation products under its direct oversight and then reviews those products to approve or disapprove them for use by Bureaus/Offices. All reviews and assignment instructions will be done in a reasonable timeframe and communicated promptly to the agency for which the review or instructions is being performed.

(3) Preliminary Value Estimates. Except with specific regulatory authority, such as 43 CFR 2201.1(b), “preliminary” value estimates are inappropriate AVSO valuation products. Preliminary value estimates performed by an appraiser are appraisals regardless of their title and must conform to the applicable appraisal standard for the assignment.

(4) Consultation Reports. Consultation services, where the report opinion is not a value (but may include values as part of the analysis), may be appropriate when the assignment helps define the scope or feasibility of a realty transaction. Consultation reports are not subject to AVSO review and approval.

(5) Appraisal Waivers. Agencies may determine that an appraisal is not necessary (may be waived) where the valuation problem is uncomplicated and the anticipated value is low, as authorized by 49 CFR 24.102(c) (2) or other statutory authority. For the Department’s valuation products, 112 DM 33 describes the AVSO’s responsibility for valuation training, including training agency staff to perform the waiver valuations. Part 212 DM 33 identifies the authorities delegated by the Chief Appraiser to agency staff performing waiver valuations. Waiver of Departmental review of appraisals and valuations of Indian property under 43 CFR 100 does not require the preparation of a waiver valuation. No delegation or specific training is required since a waiver valuation is not prepared or reviewed under 43 CFR 100.

(6) Requests for Reconsideration of Results. Bureaus/Offices with compelling arguments supporting reconsideration of an approved valuation product may submit a detailed written request for reconsideration to the Chief Appraiser through the Deputy Director of the appropriate division. The AVSO will not reconsider approved appraisals without a specific request

from the Bureau/Office involved. The request must include evidence indicating the approved appraisal is flawed or not representative of the market value of the subject property. The AVSO may return requests that fail to provide compelling evidence to the requesting Bureau/Office without reconsideration. The Chief Appraiser will evaluate the request, determine the appropriate action, and provide a written response to the Deputy Director and the requesting Bureau/Office after the reconsideration is complete. The Chief Appraiser is the technical valuation authority for the Department and reconsideration results issued by the Chief Appraiser are final.

B. Statements of Work. A Statement of Work (SOW) will be prepared for every appraisal assignment under direct oversight by the AVSO. In these assignments, the assigned appraiser must instruct all appraisals through a SOW whether completed by AVSO appraisers or fee appraisers or procured by non-Federal parties pursuant to Department and AVSO policies.

C. Valuations Acquired by a non-Federal Party. A non-Federal party is any entity apart from the United States that may procure valuation services as part of a Bureau realty action. Non-Federal parties may be the property owner or other entity representing the landowner, local or state government organizations, or non-governmental organizations in partnership with the Department or its Bureaus/Offices. The AVSO can only review valuation products procured by a non-Federal party if the agency and non-Federal party follow the procedures provided below.

(1) Prior to initiation of the appraisal, the AVSO selects a qualified appraiser considering any recommendations from the non-Federal party. The non-Federal party agrees the AVSO is the client for the assignment and an intended user of the appraisal, and that the AVSO will make all appraisal assignment instructions.

(2) The AVSO engages the appraiser in writing establishing the client-appraiser relationship.

(3) In cases where the AVSO has not been involved in the selection of the appraiser and issuance of appraisal instructions, the AVSO may only review an appraisal under the following conditions:

(a) A senior agency/program manager, typically a line officer, transmits the appraisal and a request to review the appraisal for agency use to the Deputy Director of the respective division within the AVSO. This request must include the agency's determination that the proposed land tenure action supported by the appraisal comports with applicable missions, priorities, and plans. Acceptance of an appraisal for review in these situations does not guarantee approval of the appraisal by the AVSO.

(b) The AVSO determines that the appraisal was prepared by a qualified appraiser as described in Section 1.6(B) above.

(c) In either circumstance listed above, review of a non-Federal party procured appraisal does not create an expectation that such appraisal will be approved.

(4) Unsolicited Valuation Reports. The AVSO returns unsolicited appraisal reports without review, except as authorized in paragraph (C)(3) of this section.

D. Requests for Valuation Products. Agencies must request all valuation products via the current electronic valuation request system(s) in use by the AVSO.

1.8 Release of Records that Have Not Been Requested under FOIA. Any release of valuation records, other than to the relevant AVSO client bureau, must be approved by the Principal Deputy Director.

1.9 Coordination with Organizations Outside the Department. The AVSO and organizations outside the Department will define roles and responsibilities in writing at the outset of case cooperation.