



United States Department of the Interior

Policy, Management and Budget
Technology, Information and Business Services

OFFICE OF VALUATION SERVICES

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NATIONAL POLICY ISSUANCE # 2017-TSD-01

SUBJECT: Private Party (non-federal) Payment for Valuation Services

- 1. PURPOSE.** This chapter establishes procedures for private party (non-federal) payment for valuation services supporting land tenure actions conducted by one of the Office of Valuation Services' (OVS) primary client bureaus (BOR, BLM, FWS, NPS). Payment for valuation services by private parties is authorized by both Secretarial Order and the Departmental Manual (DM) with limitations.¹ The purpose of this chapter is to establish consistent processes for private party payment for valuation services across OVS to strengthen oversight of the appraisal process.
- 2. SCOPE.** This chapter prescribes the official guidance for private party payment for valuation services to OVS staff including appraisers, review appraisers, and mineral evaluation specialists and applies to all types of valuation services performed by OVS. This guidance does not apply to assignments where federal funds are used to procure valuation services via a federal contract. This guidance also does not apply to grant programs administered by the Department of the Interior.
- 3. AUTHORITY.** Secretarial Order 3258 dated December 30, 2004 outlines policy related to "Third (*i.e.*, non-Federal) Parties" and the important role that assistance from outside entities can provide to the Department. This Secretarial Order was codified in the Departmental Manual within 602 DM 1 which provides OVS policy on private party payment for valuation services. The description was changed from "third party" to "private party" to reflect that often times the party procuring the appraisal is a party to the transaction and therefore is not a "third party" by definition.² For purposes of this guidance, "private party" refers to any non-federal party funding valuation services. The lack of centralized control of private party funded appraisals has been a finding of numerous audits of the appraisal process within the Department and tighter control over the process has been a consistent recommendation.³
- 4. POLICY.** The Office of Valuation Services will provide oversight for private party payment for valuation services by vetting potential fee appraiser's qualifications prior to engagement of the

¹ Limits to when OVS can review appraisals paid for by private parties are specified in 602 DM 1.7 (C) and require OVS to select the appraiser and issue appraisal instructions as the client for the assignment. If these conditions are not met, there are additional steps that can be taken by the client bureau to request review of an appraisal, however, there is no expectation of approval of the appraisal report due to submission for review.

² Third Party is defined as "a person who is not a party to a contract or a transaction, but has an involvement (such as one who is a buyer from one of the parties, was present when the agreement was signed or made an offer that was rejected). The third party normally has no legal rights in the matter, unless the contract was made for the third party's benefit." <http://dictionary.law.com/Default.aspx?selected=2120>

³ These audits and directions for interactions with non-Federal parties date back to at least 1983 when "Guidelines for Transactions Between Nonprofit Conservation Organizations and Federal Agencies" was published in the Federal Register (FR 36342-36344 Vol. 48, No. 155, August 10, 1983).

appraiser for the assignment, developing a list of assignment qualified fee appraisers, providing a comprehensive Statement of Work, providing an engagement letter establishing assignment conditions that require OVS to be the appraiser's sole client, and maintaining effective control of the appraisal process from the onset of the assignment through completion of the review of the appraisal report.

5. **OBJECTIVE.** The objective of this policy is to create a uniform process to be followed by all divisions within OVS for non-federally funded valuation services. This will ensure consistent processes for all non-federally funded valuation services overseen by OVS pursuant to Departmental policy.

6. **RESPONSIBILITIES.**
 - A. **Director, Office of Valuation Services:** The Director oversees all operations of OVS. However, signature authority for valuation policy resides with the deputy director per 112 DM 33. The Director's responsibility related to this policy issuance is advisory only.
 - B. **Deputy Director:** The Deputy Director has final signature authority for valuation policy and guidance on behalf of the Department. In addition, the Deputy Director oversees the client service divisions and their implementation of this policy issuance.
 - C. **Chief, Business and Administrative Management Division:** As outlined in Section 9 of this issuance, this policy issuance is an official record and will be maintained in the Chief, Business and Administrative Management Division office and will follow disposition instructions as defined in the Office of the Secretary Records Manual.
 - D. **Chief, Valuation Systems Division:** As the responsible supervisor of the Interior Valuation Information System (IVIS), the Chief, Valuation Systems Division is responsible for ensuring that there is adequate marking of the IVIS record to indicate that the client bureau realty staff's intent is to have payment for valuation services outside the federal contracting system. In addition, IVIS will be updated to reflect the change in process and nomenclature for private party funded appraisals.
 - E. **Chief, Division of Minerals Evaluation:** Ensure that all mineral evaluation staff within the division are provided with this policy and that private party funded mineral evaluations follow the steps identified in Section 8 of this issuance, as applicable.
 - F. **Chief Appraiser, Technical Services Division:** The Chief Appraiser is responsible for development of valuation policy and guidance for approval by the Deputy Director. Compliance with this policy issuance will be evaluated by the Chief Appraiser as part of the quality assurance function of the Technical Services Division.⁴
 - G. **Client Service Managers:** The client service managers (CSM) ensure that all valuation personnel within their respective divisions are provided with this policy and that private party funded valuation services follow the steps identified in Section 8 of this issuance.
 - H. **Team Lead Appraisers:** As directed by their respective client service managers, team lead appraisers (TLA) are responsible for including compliance by review appraisers with this issuance as part of their quality control responsibilities within their division. In coordination with the CSM, the TLAs will ensure that all valuation staff are aware of and comply with this policy issuance.

⁴ 602 DM 1.5 (C)(6).

7. **COMPONENTS.** OVS oversight of private party payment for valuation services include the following components:
- A. Complete IVIS request from the client bureau identifying assignment as a “private party” funded valuation service.⁵
 - B. OVS developed Statement of Work specific to the valuation assignment.
 - C. List of assignment qualified fee appraisers prepared by the assigned review appraiser. This list may include appraisers identified by the private party if the assigned review appraiser determines they are qualified.
 - D. Real Estate Appraisal Letter of Engagement to the appraiser selected by the private party from OVS prepared list of approved assignment qualified appraisers.⁶
 - E. Appraisal review report.
8. **CONTENT AND FORMAT.** The following steps must be followed when valuation services to facilitate a land tenure action by one of OVS’ client bureaus are funded by a non-federal entity.
- A. Client bureau submits request for appraisal/review in the IVIS system, providing all required assignment information including names of appraisers submitted by private party, if any. Client realty staff must ensure that “Private Party” is chosen from the IVIS - Funding Source picklist.
 - B. IVIS - Case Status is changed to “Assignment to RA” by team lead appraiser (TLA) and case is assigned to an OVS review appraiser.
 - C. Review appraiser reviews submitted information and secures any additional information needed from the assigned realty specialist. If more information is needed from the client bureau, review appraiser changes IVIS – Case Status field to “Returned to Requester”.
 - D. Review appraiser prepares a draft Statement of Work (SOW) and provides the draft SOW to the client bureau. Review appraiser changes IVIS – Case Status field to “Sent SOW to Client”.
 - E. Client bureau conveys their concurrence with SOW or provides recommendations for edits to SOW. Review appraiser changes IVIS – Case Status field to “SOW/IGCE Returned from Client”.
 - F. Final SOW and an OVS developed list of assignment qualified appraisers is provided to the client bureau and private party. OVS will not solicit bids for the assignment nor negotiate time to completion. Any appraisers included on the OVS list provided to the client bureau and private party must be fully vetted and acceptable to OVS prior to inclusion. Review appraiser changes IVIS – Case Status field to “Contracting in Progress”.
 - G. Private party selects an appraiser from the OVS list and notifies the client bureau and OVS review appraiser of the appraiser selected for the assignment. The private party may not select an appraiser that is not included on the OVS developed list of assignment qualified appraisers. Appraiser fees for the assignment are the responsibility of the private party and OVS review appraisers will not be involved in the negotiation of fees between the private party and the selected appraiser. Nor will OVS or the client bureau be responsible for ensuring payment of these fees. Due date of appraisal (may be in terms of number of days or a specific date) is agreed upon as part of this step. Private party advises OVS of the negotiated due date for the appraisal.

⁵ Currently the Departmental Manual (602 DM 1.7 (C)) uses the term “Private Party” to describe procurement of valuation services by any party other than the Federal Government. This will be changed to “non-federal party” upon update of this section of the DM.

⁶ A template for use in drafting this letter is Attachment 1 to this policy issuance.

- H. OVS engages the appraiser via OVS standard engagement letter and provides a copy of the signed engagement letter to the client bureau and private party. Review appraiser changes IVIS – Case Status field to “Assigned to Appraiser”.
 - I. Review appraiser contacts the selected appraiser and arranges for a pre-work discussion of the assignment. Client bureau and private party are notified of the time/date of the discussion and are invited to participate. **Pre-work discussions are required for all private party cases.** This discussion may be held telephonically or in person at the discretion of the assigned review appraiser.
 - J. Review appraiser manages the appraisal process and works with appraiser during the assignment to answer any questions and ensure that the assignment is on track to meet agreed to timeframes. If issues develop or assignment conditions change, the review appraiser communicates with the client bureau and/or private party (as appropriate) to address the situation. If the discussion is directly with private party, review appraiser informs client bureau via email or personal contact. IVIS comments are updated to reflect the nature of communication and notification as appropriate.
 - K. Appraisal report is submitted directly to review appraiser. Review appraiser changes IVIS – Case Status field to “Initial Appraisal Received/Review” and notifies the client bureau and the private party of receipt of initial appraisal report. No copies of the appraisal are provided to any other party until the appraisal review is complete.
 - L. After notification, the review appraiser will, review the submitted appraisal report and prepare a written appraisal review report. If edits to the appraisal are necessary, Review appraiser changes IVIS – Case Status field to “Appraisal Edits” when the appraiser has been notified of the requested changes. When the appraiser submits the edits, the review appraiser changes IVIS – Case Status field to “Final Report Received/Review”. NOTE: follow this process and change status if additional edits are necessary.
 - M. Appraisal report and appraisal review report are provided to the client bureau. Client bureau may provide appraisal report to private party subject to their internal policy on release of appraisals. Review appraiser changes IVIS – Case Status field to “Transmit to Client” which signifies the end of the process relative to the Case Days Clock.
 - N. Review appraiser notifies the appraiser the report has been forwarded to the client agency and that they should submit their invoice to the private party identified in the engagement letter.
 - O. Private party makes payment for appraisal.
9. **DISTRIBUTION AND MAINTENANCE.** Valuation policy issuances containing the signature of the Deputy Director are designated as the official record and will be maintained in the Chief, Business and Administrative Management Division office and will follow disposition instructions as defined in the OS Records Manual.

An email message from the Chief Appraiser containing an attachment of the new policy issuance will be sent to all managers and valuation staff with instructions for implementation. Client service managers will be instructed to share this policy with national realty leads for their respective client bureaus. This distribution to clients should include an instruction for further distribution to lands and realty staff in the field.

The policy outlined in this issuance supersedes any existing policy or guidance related to private party funded valuation services. It also removes the term “third-party” from all official OVS guidance and policy issuances.

Developed by: 

Date: 3/14/2017

Approved by: Tanya Henderson

Date: 03/14/17