

RD AN No. 3981 (1922-B)
May 21, 2004

TO: State Directors
Rural Development

ATTN: Multi-Family Housing (MFH) Program Directors,
State Appraisers, State Contracting Officers,
MFH Servicing Office Staff, FOIA Coordinators

FROM: James C. Alsop *(Signed by James C. Alsop)*
Acting Administrator
Rural Housing Service

SUBJECT: Release of Multi-Family Housing Appraisals
to Applicants/Owners, from Their Own Files

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide specific guidelines for a uniform policy to release multi-family housing appraisals ordered by Rural Development to applicants/owners, from their own files, *upon their request*. This policy is intended to contribute toward an open flow of information and a general spirit of cooperation between the Rural Housing Service and its business partners.

COMPARISON WITH PREVIOUS AN:

Previous guidance to the State Offices on this issue was provided through RD AN No. 3652 (1922-B), with the subject "Appraising Multi-Family Housing Properties", which expired April 30, 2002.

EXPIRATION DATE:
May 31, 2005

FILING INSTRUCTIONS:
Preceding RD Instruction 1922-B

BACKGROUND:

The Freedom of Information Act (FOIA) does not prohibit the release of multi-family housing appraisals ordered by Rural Development (Agency) to applicants/owners, from their own files. This is because the disclosure is necessary to effectively carry out a governmental purpose. The governmental purpose in this case is to give applicants/owners an opportunity to review their appraisals and identify any errors or deficiencies that are material to value in order to facilitate Rural Development's administration of its affordable housing programs. If an applicant/owner requests a copy of a multi-family housing appraisal from his/her file, this request should not be treated as a FOIA request. The appraisal will be released to the applicant/owner according to the following procedures.

IMPLEMENTATION RESPONSIBILITIES:

If an applicant/owner requests a copy of a multi-family housing appraisal from his/her file, the State Office must first determine if the appraisal report contains operating expense information of other subsidized apartments administered by Rural Development that was provided by the Agency. If so, the names and addresses of the expense comparables must be blackened out before the appraisal is released. Qualified personnel, like the State Appraiser, must ensure that the names and addresses of the expense comparables are deleted while those of the rent comparables and sales comparables are preserved in the report. This expense data is proprietary information that belongs to the owners of apartments that possibly compete with the subject property.

After the names and addresses of any expense comparables provided by the Agency have been removed from the report, the applicant/owner may either review a copy of the redacted appraisal report at the Agency office, or a copy of the redacted report can be bound and mailed to the applicant/owner.

When contracting with fee appraisers, the Rural Development State Contracting Officer should instruct the appraiser to identify Rural Development as the client of the appraiser and the applicant/owner as an "intended user" of the appraisal in the Statement of Work. Identification of "intended users" in appraisals is a requirement of the Uniform Standards of Professional Appraisal Practice (USPAP) and will ensure that the appraiser does not object to releasing the appraisal to the applicant/owner.

The applicant/owner will be allowed ten business days from the date of an accompanying *cover letter* (see attachment) to review the appraisal and identify any errors or deficiencies to the Rural Development State Appraiser, who will also review the appraisal. The Rural Development State Appraiser will decide whether any of the applicant's/owner's identified errors or deficiencies are material to value and if revisions should be requested from the appraiser. The Rural Development State Appraiser should file a review report in the appropriate Agency office with one of the following dispositions: (1) the appraisal is accepted, (2) the appraisal is accepted as revised by the appraiser, (3) the appraisal is accepted as modified by the reviewer, (4) the appraisal is rejected. The Rural Development State Appraiser will make the final disposition of the appraisal. Although the disposition concluded in the appraisal review report may be

provided to the applicant/owner, the review report itself is intended for the internal use of the Agency and will not be released.

Any questions or comments should be directed to Brett Morgan, Multi-Family Housing Processing Division Review Appraiser, National Office, (202) 720-1620.

Attachment

ATTACHMENT: Cover Letter

(date)

USDA / Rural Development
(State Office address)

(inside address)

Re: Real Estate Appraisal of *(name and address of property)*

Dear Sir or Madam:

Enclosed is a copy of the appraisal report on the above referenced property that you requested. You will have 10 business days from the date of this letter, which is until *(date)*, to review the appraisal and identify any errors or deficiencies in the report to the Rural Development State Appraiser, *(name; phone number)*. The Rural Development State Appraiser, who will also review the appraisal, will decide whether any of the errors or deficiencies that you have identified are material to value and if revisions should be requested from the appraiser. The Rural Development State Appraiser will make the final disposition of the appraisal. Although the disposition concluded in the appraisal review report may be provided to the applicant/owner, the review report itself is intended for the internal use of the Agency and will not be released.

Sincerely,

(name)

(title)