

Appraisal Scope of Work

The appraisal scope of work is a two-fold process. The first (A) is the development of the scope of work before appraisal work begins. In the second (B), the appraiser identifies and reports within the appraisal the problem that was solved and explains the research completed and the process used to arrive at a credible report.

This procedure applies to both in-house and consultant appraisers.

A. Development of scope of work before appraisal assignment begins

1) Need for appraisal scope of work:

- a. The regulations enforcing the Uniform Act (49 CFR 24) require it. Under §24.103(a)(1), the Agency acquiring real property has a legitimate role in contributing to the appraisal process, especially in developing the scope of work and defining the appraisal problem. The scope of work and development of an appraisal under these requirements depends on the complexity of the appraisal problem.
- b. It is needed for the purposes of budgeting, estimating timelines, tracking project changes, constructing accountability, mapping performance measures, and distributing workload.

2) Definition of appraisal scope of work

- a. The scope of work is a written statement agreed upon by the appraiser and the agency describing the appraisal work to be done. It defines the responsibilities of both the appraiser and the agency and outlines the general parameters of the appraisal. The scope of work must address the unique, unusual and variable appraisal performance requirements of the appraisal. Either the appraiser or the agency may recommend modifications to the initial scope of work, but both parties must approve changes.
- b. Each appraisal assignment requires a degree of research and analysis determined while developing the scope of work necessary to address the appraisal problem. However, the appraiser must be aware that USPAP requires: *"An appraiser must not allow assignment conditions to limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use. An appraiser must not allow the intended use of an assignment or a client's objectives to cause the assignment to be biased."*
- c. The scope of work reflects the requirements of WisDOT, state statutes, federal regulations and be consistent with USPAP. It will be developed cooperatively between the appraiser, regional and statewide appraisal reviewers, RE project manager and/or RE lead worker.

3) Process of developing appraisal scope of work

- a. Begins with cost estimating spreadsheet for purposes of estimating the real estate costs for the entire project. (see cost estimating form).
 - i. Completed by qualified region RE staff
 - ii. Includes – tax id, size, owner name, interests needed, possible severance damage, title work costs, etc.
 - iii. The cost estimate is as of a specific date. If an update is needed, a new form must be started, so previous data and information can be used for tracking. The updated form must be enumerated and dated for the full picture.
- b. Individual Parcel Estimate sheet partially auto fills to the Appraisal Scoping Checklist tab within the spreadsheet (individual parcels identified as appraisals) for purposes of beginning to define the scope of appraisal services and complexity of appraisal assignments. The appraisal scoping checklist must be completed for all projects requiring appraisals.
 - i. Completed by qualified RE appraisal staff. Must complete those areas not previously auto-filled and verify auto-filled information. If auto-filled information is different, make changes only to the scoping checklist and not to the estimate.
 - ii. Includes – zoning, waterfront, possible cost to cure, severance, etc.
 - iii. Completed before appraiser is assigned.
- c. Request and assignment of review appraiser

- i. Appraisal scoping checklist must be sent with reviewer request
 - ii. Appraisal scoping checklist must be sent to assigned regional and statewide reviewers
 - o (Do not include cost estimate)
- d. Request and assignment of appraiser
 - i. Appraisal scoping checklist must be sent with NOI bid interest email to consultants. (Do not include cost estimate).
 - ii. Appraisal scoping checklist must be sent to assigned in-house appraisers.
- e. Agency conducts Real Estate Startup Meeting and Appraisal Scoping Meeting. Refer to the required Appraisal Scoping Checklist during this meeting.
 - i. Appraisers, regional and statewide appraisal reviewers, RE project manager, and/or RE Lead worker should all be present for Appraisal Scoping Meeting.
 - ii. Meeting may be conducted at the end of the startup meeting or later, but must be before appraisal work commences.
 - iii. Discuss each appraisal, including any complex or unique appraisal concerns and work together to develop the scope of work document (see Appraisal Scope of Work form)
- f. Assigned appraisal reviewer completes Appraisal Scope of Work document for project (Refer to the required Appraisal Scoping Checklist), signs and dates it, and sends it to appraisers.
- g. Assigned appraiser reviews Appraisal Scope of Work, signs and dates it, uploads it to READS project log and sends it to appraisal reviewers, RE project manager and/or RE Lead worker.
- h. Appraisal work commences

B. Reporting of scope of work within finished appraisal

1) Need for appraisal scope of work:

- a. USPAP and 49 CFR 24 (Regulations Enforcing Uniform Act) require it.
- b. Appraisal results are relied upon to determine just compensation. The results are only credible if the process used is valid.

2) Definition of appraisal scope of work

The appraiser must include in the report what was completed as part of the assignment and fulfillment of the agreed upon scope of work. It is specific to the individual appraisal for which it is written.

3) Process of reporting appraisal scope of work

- a. Within the appraisal, the appraiser must identify and report the appraisal problem that was solved. The appraiser must explain the necessary research completed and the process used to arrive at a credible report.
- b. An appraiser must be prepared to support the decision to exclude any investigation, information, method or technique that would appear relevant to the client, another intended user or the appraiser's peers.