

**The following items are minimum Scope requirements for the appraiser by FHWA.**

**The appraiser must, at a minimum:**

- \_\_\_\_\_ Provide an appraisal meeting the agencies definition of an appraisal as in the ADOT manual or for fed work in 49 CFR 24.2(a) (3)
- \_\_\_\_\_ The owner of the property (or representative) must be afforded the opportunity to accompany the appraiser on the inspection of the property. (See ADOT manual)
- \_\_\_\_\_ Describe the extent of inspection of the subject property, including:  
inspection of the neighborhood and proposed project area; inspection of subject property, including interior and exterior areas; the level of detail of description of the physical characteristics of the property being appraised (and in the case of a partial acquisition, the remaining property), per Manual.
- \_\_\_\_\_ Include a sketch of the property and provide the location and dimensions of any improvements. Also include adequate photographs of the subject property and comparable sales and a location map showing the subject and sales, per Manual. items are required by ADOT's Manual and Yellow Book (Uniform Appraisal Standards for Federal Land Acquisitions) as well: Property rights to be acquired, e.g., fee simple, easement, etc. Value being appraised (usually market value) and its definition. Appraised as if free and clear of contamination (or as specified). The date of the appraisal report and the date of valuation. A realty/personality report is required per **CFR 24.103(a)(2)(i)**. The known and observed encumbrances, if any Title information, Location, Zoning, Present use, and at least a **5-year sales history** of the property (10-year for Yellow Book)
- \_\_\_\_\_ In the appraisal report, identify the **Highest and Best Use**. If Highest and Best Use is in question or different from the existing use, provide an appropriate analysis identifying the market-based Highest and Best Use.
- \_\_\_\_\_ Present and analyze relevant market information, this would include, but not be limited to: research and analysis of, inspection of and verification of comparable sales used. See ADOT Manual or Yellow Book.
- \_\_\_\_\_ Address **Project Influence** and disregard any decrease or increase in the market value of the real property caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for the project.\* This will be a Jurisdictional Exception in regard to USPAP, as it is requirement of the FHWA and the Yellow Book.
- \_\_\_\_\_ The appraiser will report his or her analysis, opinions and conclusions in the appraisal report.  
\*not in "Statement of Work".
- \_\_\_\_\_ Appraiser must state the **intended use** of the appraisal report. This is usually market value of the property, as of the specified date of valuation, for the proposed acquisition of the property rights specified (i.e., fee simple, easement, etc.) for a Federally assisted project.
- \_\_\_\_\_ Appraiser must state the **intended user** of the appraisal report. This is primarily the acquiring agency, but its funding partners may review the appraisal as part of their program oversight activities.

\_\_\_\_\_ Cite the applicable definition of (fair) market value. For federal condemnation cases, the Yellow Book definition applies. For cases that would go to state court in Arizona, ARS #28-7091 applies. While they are very similar, definitions for financial institutions such as: FIRREA, Freddie Mac, etc **are not** acceptable.

**The appraiser shall include a certification; per Yellow Book for appraisals that could go to federal court, or per the ADOT manual for cases that could go to state court. In addition, appraisers may also include a USPAP certification.**

\_\_\_\_\_ The appraiser shall state all *relevant* assumptions and limiting conditions. In addition, the acquiring agency may provide other assumptions and conditions that may be required for the particular appraisal assignment. All appraisals require a review appraisal process – either by LPA staff, a contract review appraiser, or the Arizona Department of Transportation. The appraisal review is to assure that the appraisal meets the applicable appraisal requirements, and then if so, **recommend a value for acquisition**. The reviewer **does not** set “Just Compensation”.

A review appraiser is a thoroughly qualified appraiser who is completely familiar with the type of appraisal problem being reviewed and the techniques required to address that problem. The review appraiser will be completely familiar with the agency’s appraisal and other relevant requirements. It is very difficult for an individual who does not meet both of these qualifications to provide an appropriately thorough appraisal review for an acquiring agency.

After the appraisal and the appraisal review, **the agency official internally approves an amount it believes to be “just compensation”**. This process should be documented in the file. The approval of a **“just compensation”** amount is an agency responsibility and **cannot be delegated** to a private sector contractor. The amount for Just Compensation cannot be less than the appraised value.