

## SCOPE OF WORK RULE

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### 356 SCOPE OF WORK RULE<sup>3</sup>

357 **For each appraisal, appraisal review, and appraisal consulting assignment, an appraiser must:**

- 358 1. identify the problem to be solved;
- 359 2. determine and perform the scope of work necessary to develop credible assignment results; and
- 360 3. disclose the scope of work in the report.

361 **An appraiser must properly identify the problem to be solved in order to determine the appropriate**  
362 **scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to**  
363 **produce credible assignment results.**

364 Comment: Scope of work includes, but is not limited to:

- 365 • the extent to which the property is identified;
- 366 • the extent to which tangible property is inspected;
- 367 • the type and extent of data researched; and
- 368 • the type and extent of analyses applied to arrive at opinions or conclusions.

369 **Appraisers have broad flexibility and significant responsibility in determining the appropriate**  
370 **scope of work for an appraisal, appraisal review, and appraisal consulting assignment.**

371 **Credible assignment results require support by relevant evidence and logic. The credibility of**  
372 **assignment results is always measured in the context of the intended use.**

### 373 **Problem Identification**

374 **An appraiser must gather and analyze information about those assignment elements that are necessary to**  
375 **properly identify the appraisal, appraisal review or appraisal consulting problem to be solved.**

376 Comment: The assignment elements necessary for problem identification are addressed in the  
377 applicable Standards Rules (i.e., SR 1-2, SR 3-1, SR 4-2, SR 6-2, SR 7-2 and SR 9-2). In an  
378 appraisal assignment, for example, identification of the problem to be solved requires the  
379 appraiser to identify the following assignment elements:

- 380 • client and any other intended users;
- 381 • intended use of the appraiser's opinions and conclusions;
- 382 • type and definition of value;
- 383 • effective date of the appraiser's opinions and conclusions;
- 384 • subject of the assignment and its relevant characteristics; and
- 385 • assignment conditions.

386 This information provides the appraiser with the basis for determining the type and extent of  
387 research and analyses to include in the development of an appraisal. Similar information is  
388 necessary for problem identification in appraisal review and appraisal consulting assignments.

389 Communication with the client is required to establish most of the information necessary for  
390 problem identification. However, the identification of relevant characteristics is a judgment  
391 made by the appraiser that requires competency in that type of assignment.

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<sup>3</sup> See Advisory Opinion 28, *Scope of Work Decision, Performance, and Disclosure* and Advisory Opinion 29, *An Acceptable Scope of Work*.

392 Assignment conditions include assumptions, extraordinary assumptions, hypothetical  
393 conditions, laws and regulations, jurisdictional exceptions, and other conditions that affect the  
394 scope of work. Laws include constitutions, legislative and court-made law, administrative  
395 rules, and ordinances. Regulations include rules or orders, having legal force, issued by an  
396 administrative agency.

397 **Scope of Work Acceptability**<sup>4</sup>

398 **The scope of work must include the research and analyses that are necessary to develop credible**  
399 **assignment results.**

400 Comment: The scope of work is acceptable when it meets or exceeds:

- 401 • the expectations of parties who are regularly intended users for similar assignments; and
- 402 • what an appraiser's peers' actions would be in performing the same or a similar
- 403 assignment.

404 **Determining the scope of work is an ongoing process in an assignment. Information or**  
405 **conditions discovered during the course of an assignment might cause the appraiser to**  
406 **reconsider the scope of work.**

407 An appraiser must be prepared to support the decision to exclude any investigation,  
408 information, method, or technique that would appear relevant to the client, another intended  
409 user, or the appraiser's peers.

410 **An appraiser must not allow assignment conditions to limit the scope of work to such a degree that the**  
411 **assignment results are not credible in the context of the intended use.**

412 Comment: If relevant information is not available because of assignment conditions that limit  
413 research opportunities (such as conditions that place limitations on inspection or information  
414 gathering), an appraiser must withdraw from the assignment unless the appraiser can:

- 415 • modify the assignment conditions to expand the scope of work to include gathering the
- 416 information; or
- 417 • use an extraordinary assumption about such information, if credible assignment results
- 418 can still be developed.

419 **An appraiser must not allow the intended use of an assignment or a client's objectives to cause the**  
420 **assignment results to be biased.**

421 **Disclosure Obligations**

422 **The report must contain sufficient information to allow intended users to understand the scope of work**  
423 **performed.**

424 Comment: Proper disclosure is required because clients and other intended users rely on the  
425 assignment results. Sufficient information includes disclosure of research and analyses  
426 performed and might also include disclosure of research and analyses not performed.

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<sup>4</sup> See Advisory Opinion 29, *An Acceptable Scope of Work*.