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**CITY OF CELINA'S NOTICE OF
INTENT TO PROVIDE WATER AND
SEWER SERVICE TO AREA
DECERTIFIED FROM AQUA TEXAS,
INC. IN DENTON COUNTY**

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PUBLIC UTILITY COMMISSION
PUBLIC UTILITY COMMISSION
CLERK
OF TEXAS

EXHIBIT
CEL-107
Scope of Work Rule From
Uniform Standards of Professional Appraisal Practice (2016-2017 Edition)

SCOPE OF WORK RULE

385 SCOPE OF WORK RULE¹⁴

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

- 387 **1. identify the problem to be solved;**
388 **2. determine and perform the scope of work necessary to develop credible assignment results; and**
389 **3. disclose the scope of work in the report.**

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

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

- 394 • the extent to which the property is identified;
395 • the extent to which tangible property is inspected;
396 • the type and extent of data researched; and
397 • the type and extent of analyses applied to arrive at opinions or conclusions.

398 Appraisers have broad flexibility and significant responsibility in determining the appropriate
399 scope of work for an appraisal or appraisal review assignment.

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

402 **Problem Identification**

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

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

- 409 • client and any other intended users;
410 • intended use of the appraiser's opinions and conclusions;
411 • type and definition of value;
412 • effective date of the appraiser's opinions and conclusions;
413 • subject of the assignment and its relevant characteristics; and
414 • assignment conditions.

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

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

¹⁴ See Advisory Opinion 28, *Scope of Work Decision, Performance, and Disclosure* and Advisory Opinion 29, *An Acceptable Scope of Work*.

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

426 **Scope of Work Acceptability**¹⁵

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

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

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

434 Determining the scope of work is an ongoing process in an assignment. Information or
 435 conditions discovered during the course of an assignment might cause the appraiser to
 436 reconsider the scope of work.

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

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

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

- 445 • modify the assignment conditions to expand the scope of work to include gathering
- 446 the information; or
- 447 • use an extraordinary assumption about such information, if credible assignment
- 448 results can still be developed.

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

451 **Disclosure Obligations**

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

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

¹⁵ See Advisory Opinion 29, *An Acceptable Scope of Work*.