

# APPRAISAL GUIDELINES and AGREEMENT



# APPRAISAL GUIDELINES for PROPERTY OWNERS & APPRAISERS

The agency has presented the property owner with an appraisal on which a written offer to purchase was based for the property needed for the roadway improvement project. Wisconsin state statute provides an affected parcel owner the right to obtain their own appraisal of the proposed acquisition. Property owners have a statutory right to submit reasonable costs of the appraisal to the agency for payment. Only one appraisal is eligible regardless of the number of owners of the property.

Wis. Stat. § 32.05(2)(b) states in part: “The owner may obtain an appraisal by a **qualified appraiser** of all property proposed to be acquired, and may submit the **reasonable costs** of the appraisal to the condemnor for payment. The owner shall submit a **full narrative appraisal** to the condemnor **within 60 days** after the owner receives the condemnor’s appraisal.” (emphasis added)

## QUALIFIED APPRAISER

The agency recommends that the property owner select an appraiser credentialed by the State of Wisconsin who has experience preparing appraisals for eminent domain purposes. The appraiser must prepare an appraisal that conforms with the Uniform Standards of Professional Appraisal Practice. The ultimate choice of an appraiser is up to the owner and it is their responsibility to ask for references if they so choose. The agency will not recommend appraisers.

## REASONABLE COSTS

The agency will only pay the costs for an appraisal that are determined to be reasonable. Costs will be considered reasonable if:

- a. The appraisal complies with Title 49 of the Code of Federal Regulations Section 24.103.
- b. The analysis and presentation of appraisal data is documented with a logical and reasonable conclusion of value.
- c. The billed costs are comparable to the costs charged for similar work performed by other qualified appraisers within the same market area, as determined by the agency.
- d. The reasonableness of the costs will also be judged by the complexity of the appraisal problem, the independent analysis, and data provided by the appraiser.

For the agency to determine the reasonableness of the appraisal costs, the appraiser must submit a detailed breakdown of the time involved. The appraisal invoice must show the dates and hours spent inspecting the subject property, inspecting and verifying comparable sales, drafting the report, etc. The invoice must also show the hourly rate charged. It is the owner's responsibility to ensure the appraisal invoice has these items. The appraisal report and invoice must be submitted to the agency within 60 days after the owner receives the condemnor's appraisal, per Wisconsin Statute 32.05(2)(b).

**UNREASONABLE COSTS:**

- Consultation with the owner, their representative or attorney, unless it occurs during the actual property inspection or while gathering additional property data.
- Time spent reviewing the agency's appraisal.

**\*\*\*The agency can deny the entire costs if the appraisal does not meet the requirements under these guidelines.**

**FULL NARRATIVE APPRAISAL**

A "full narrative appraisal" is a detailed and comprehensive appraisal report. It describes the property to be acquired and includes a documented conclusion of the fair market value and, if applicable, any damages to the remaining property. The appraisal report must contain the appraiser's rationale for determining the damage estimate and it must be based on market data contained within the appraisal. The appraisal report will typically be similar in scope and format to the one provided to the owner by the agency.

**60-DAY TIME LIMIT**

Wisconsin statutes require that the owner's appraisal must be submitted to the agency within 60 days from the date the owner receives the agency's appraisal. Receipt of the agency's appraisal is considered to have been accomplished either upon the date of personal delivery or date of postmark. The accompanying offer letter will specify the due date.

All appraisals mailed by the agency are sent USPS certified mail requiring a signature upon delivery. Attempted deliveries are recorded. Failure to accept or retrieve the mailing will not extend the 60-day period. The 60 days run consecutively without interruption. Failure to return an appraisal within 60 days does not mean an appraisal cannot be submitted for consideration, only that it will not be paid for by the agency.

**\*\*\*THE AGENCY CANNOT PAY FOR THE COST OF AN APPRAISAL SUBMITTED AFTER 60 DAYS - NO EXCEPTIONS**

## **REDUCE RISKS**

To help reduce risks, consider the following:

- Avoid appraisers who want to be paid in advance or will not provide an estimate of the appraisal costs.
- Contact an appraiser early in the process to ensure their availability.
- Request references of the appraiser.
- Clearly communicate the date the appraisal must be submitted to the agency.
- Enter into a written agreement that requires them to comply with these guidelines. A sample of such an agreement is attached for your consideration and use. Some appraisers have their own agreement. Read it carefully to fully understand the terms and conditions involved.
- Ensure you have adequate information about the acquisition and the project. If additional information is needed, ask the acquisition agent.
- Allow adequate time to review the appraisal prior to the 60-day statutory deadline.
- Verify who will submit the appraisal report to the agency.

The cost of the appraisal is routinely paid by the agency. There have been instances where appraisers have not followed the guidelines or have charged unreasonable costs. When this happens, the agency may deny payment of the entire cost or may pay only what is determined to be reasonable for the services provided.

Any agreement for appraisal services is strictly between the owner and the appraiser. The ultimate responsibility for payment of the costs charged by the appraiser rests solely with the owner. The agency's statutory responsibility to pay the reasonable costs of an appraisal is not subject to, or affected by, an agreement reached between the owner and their appraiser.

The information contained in this guideline is offered to prevent any potential misunderstanding between the owner, the agency, and the owner's appraiser regarding the payment of appraisal costs.

The owners' ability to obtain their own appraisal is a statutory right, to be exercised or not, at their discretion.

***NOTE: If you have any questions about these guidelines, please contact the acquisition agent.***

# APPRAISER /OWNER AGREEMENT

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|   |                           |
|---|---------------------------|
| Owner (Name on Title)                                 | Appraiser Name            |
| Address of Real Estate to be Appraised                | Appraiser's Address       |
| City, State, Zip                                      | City, State, Zip          |
|   | Appraisal Costs           |
| Person Responsible for Submitting Appraisal to Agency | Appraisal Report Due Date |
| Description of Property to be Appraised               |                           |

For the appraisal costs specified above, owner and appraiser, identified above, agree that the appraiser shall provide the owner with two copies of a full narrative appraisal (as defined in the "Appraisal Guidelines & Agreement" which are given to the property owner and are made a part of this agreement by reference) in writing of the identified and described property.

Appraiser shall deliver to the owner the appraisal report no later than the specified due date to enable the owner to file for payment of the costs within the 60 days prescribed by Section 32.05(2)(b), Wisconsin Statutes. Failure by the appraiser to deliver the appraisal by the required date shall void this agreement.

Owner agrees to pay appraiser for the services rendered within 30 days of receipt of the report.

\_\_\_\_\_  
Owner Signature

\_\_\_\_\_  
Agreement Date

\_\_\_\_\_  
Owner Signature

\_\_\_\_\_  
Appraiser Signature