



**FOREST SERVICE HANDBOOK  
NATIONAL HEADQUARTERS (WO)  
WASHINGTON, DC**

**FSH 5409.12 - APPRAISAL HANDBOOK  
CHAPTER 60 - APPRAISAL CONTRACTING**

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**Approved:** GLORIA MANNING  
Associate Deputy Chief

**Date Approved:** 01/04/2006

**Posting Instructions:** Amendments are numbered consecutively by Handbook number and calendar year. Post by document; remove the entire document and replace it with this amendment. Retain this transmittal as the first page(s) of this document. The last amendment to this Handbook was 5409.12-2005-9 to 5409.12\_contents.

<b>New Document</b>	5409.12_60	47 Pages
<b>Superseded Document(s) by Issuance Number and Effective Date</b>	5409.12_60 (Amendment 5409.12-2005-7, 02/23/2005)	45 Pages

**Digest:**

65.3 - Revises caption to "Recreation Residence Lots" to be consistent with the terminology used in the Cabin User Fee Fairness Act of 2000 (CUFFA).

66 - Exhibits 03 and 04 - These exhibits are revised to reflect changes in appraisal contracting direction to conform to the provisions of CUFFA. This direction was adopted after notice and comment in the Federal Register (FR 71 16614, April 3, 2006). Major revisions include, adding technical appraisal provisions and appraisal guidelines enumerated in section 606 of CUFFA, as appropriate replaces the term "site" with "lot" and adds examples of related improvements to be consistent to the definition of related improvements in FSH 2709.11, section 33.05.

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## **FSH 5409.12 - APPRAISAL HANDBOOK CHAPTER 60 - APPRAISAL CONTRACTING**

Appraisals are required for purchases, exchanges, conveyances of land or interests in land, and some special-use authorizations to determine market values for the use of National Forest System lands (FSM 5410). This requirement may be satisfied through an appraisal contract and the use of a private contract appraiser (FSM 5410.5). Appraisal contracts also provide for other valuation services including the procurement of raw sales or rental data, rental surveys, and other market studies.

### **60.3 - Policy**

1. Do not modify specifications for recreation residence site appraisals (sec. 66, ex. 03 and ex. 04) without approval of the Washington Office, Director of Lands.
2. Modifications may be made to the content and format of most standard specifications (sec. 66, ex. 01 and ex. 02) if the changes do not depart significantly from the standards and have been reviewed and approved by the assigned staff review appraiser.
3. Contract appraisals for a Forest Service acquisition shall conform with the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA). Appraisal for activities other than acquisition may require different standards.

## **61 - APPRAISAL CONTRACTS**

### **61.1 - Types of Contracts**

#### **61.11 - Firm-Fixed-Price Contract**

A firm-fixed-price contract (FAR 16.2) provides for a price that is not subject to adjustment on the basis of a contractor's cost experience in performance of the contract. A firm-fixed-price contract is suitable when the work to be performed can be clearly defined, adequate price competition exists, and/or price reasonableness can be determined through historical price comparisons and available cost pricing information.

#### **61.12 - Cost-Reimbursement Contract**

A cost-reimbursement contract (FAR 16.3) is suitable for use only when uncertainties involved in contract performance do not permit costs to be estimated with sufficient accuracy to use any type of fixed-price contract. This type of contract reimburses the contractor for allowable costs incurred during the performance of the contract. A not-to-exceed dollar amount, which is an estimate of the total project cost, is established to provide a ceiling cost for the contractor and to enable funds to be obligated.

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### **61.13 - Indefinite Delivery/Indefinite Quantity Contract**

An indefinite quantity contract (FAR 16.504) provides for an unlimited quantity, within stated limits, during a fixed period of time. In an indefinite delivery/indefinite quantity (IDIQ) contract multiple contracts are competitively awarded to appraisers throughout the region. These contracts contain a proposed day rate that has been determined to be fair and reasonable through the competitive process. Normally, appraisal contracts are awarded for a 1-year base period with 4 1-year options. The government may or may not choose to exercise any or all of the options. Task orders are awarded against the IDIQ contracts through a competitive process in which contractors, after reviewing the statement of work, provide a proposal that contains the number of days for project completion. Award of the task order is made to the contractor with the lowest proposed price (number of days proposed times the contract day rate). Parts of the specifications in the appraisal contract, sections B, C, E, F, G, and I (sec. 66, ex. 01), are included in the original IDIQ contract and are not repeated in each work order. Items in these sections that are identified as “to be negotiated” shall be addressed in each work order. Detailed appraisal instructions shall be included in each order. It is the responsibility of the Contracting Officer to ensure that the work order is in agreement with clauses in the original contract. The Contracting Officer shall provide each awardee a fair opportunity to be considered for task orders issued under the contract.

### **61.14 - Sole-Source Contract**

A sole-source contract is used to acquire the services of a highly specialized appraiser or other specialist without competitive bidding. A sole-source contract can only be awarded with the appropriate justification as provided for in FSH 6309.32 - FAR 6.303-2.

### **61.2 - Work Orders**

A work or task order defines the task to be performed by the contract appraiser. It is the basis for competitive fixed price proposals. The order is prepared by a staff review appraiser who has been trained as a Contracting Officer’s Representative (COR).

Instructions to the appraiser are a key component of the order. They define the specific appraisal problem (task) and address specific concerns. They can be included in the body of the order or referenced and attached to it. Alternatively, the specifics of the assignment can be inserted into the general specifications. Certain items identified in the appraisal contract in section C-2 (sec. 66, ex. 01) must be included in all orders. After receiving a work or task order, the Contracting Officer shall request a price proposal from each of the recommended appraisers. Each appraiser receives a complete task order package to enable accuracy in proposing the number of days needed to complete the work. The Contracting Officer must receive a complete task order package from the assigned staff review appraiser for the contract file and for each recommended appraiser. Based on the proposals, the Contracting Officer shall prepare a purchase order to initiate work by the contract appraiser.

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### **61.3 - Payment for Private Contract Appraisal Services**

Except for the appraisal of non-Federal land for a competitive land exchange (FSH 5409.13, sec. 31.15); the Forest Service should pay for private contract appraisal services. However, the authorized officer may allow a non-Federal party to pay for appraisal services when Forest Service funding is not available. The discretionary decisions to allow a non-Federal party to pay for appraisal services shall be fully documented in the Request for Appraisal Services as being in the best interest of the government. The responsibilities of the Federal and non-Federal parties shall be outlined in an Agreement to Initiate or similar agreement. However, the Forest Service shall not share in the cost of appraisal services. Either the Forest Service or the non-Federal party shall pay for appraisal services in total.

#### **61.31 - Non-Federal Party Contracts Through the Forest Service for Private Appraisal Services**

When the non-Federal party deposits funds with the Forest Service to contract for appraisal services, follow normal contracting procedures. In an exchange case, the payment made by the non-Federal party shall be documented in the Agreement to Initiate. In a purchase case, a collection agreement shall be used to secure funds prior to contracting for appraisal services.

#### **61.32 - Non-Federal Party Contracts Directly for Private Appraisal Services**

When the non-Federal party contracts directly for appraisal services, the authorized officer is responsible for ensuring that the non-Federal party agrees in writing to contract with an appraiser acceptable to the Forest Service. The agreement shall specify that:

1. The assigned staff review appraiser shall participate in the selection of the contract appraiser.
2. The appraisal to be procured shall be consistent with case-specific written instructions and technical specifications provided by the staff review appraiser.
3. Any appraisal submitted to the Forest Service for review shall become the property of the United States and may be used for any legal and proper purpose.
4. The appraiser will meet with the staff review appraiser for a pre-work conference, unless specifically waived in writing by the staff review appraiser.
5. The appraiser will simultaneously disclose the appraisal to the assigned staff review appraiser at the time of disclosure to the non-Federal party.

#### **61.4 - Contents in Appraisal Contracts**

The following sections should be included in all appraisal contracts:

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1. Section A - Solicitation Offer and Award (Form SF-33).
2. Section B - Services and Prices.
3. Section C - Description and Specifications.
4. Section E - Inspection and Acceptance.
5. Section F - Deliveries and Performance.
6. Section G - Contract Administration.
7. Section I - Contract Clauses (sec. 61.4).
8. Section J - List of Attachments.
9. Section K - Representations Certifications and Acknowledgements.
10. Section L - Instruction Conditions and Notices to the Offerors.
11. Section M - Evaluation Factors.

**61.5 - Basic Contract Clauses**

Awarding and administering appraisal contracts is the responsibility of the Contracting Officer. The assigned staff review appraiser serves as the Contracting Officer's Representative or technical representative. Direction on basic contract clauses is found in FSH 6309.32 - FAR Part 52.

**62 - CONTRACT APPRAISALS OF PROPERTY TO BE ACQUIRED BY THE FOREST SERVICE**

The contract appraisal report specifications for acquisition appraisals shall conform in general content and organization to the standard appraisal report language cited in section 66, exhibit 01. The contract appraiser may modify the standard format or add or modify topic headings to suit the particular appraisal situation if all essential items are included.

**63 - CONTRACT APPRAISALS FOR PARTIAL ACQUISITIONS**

The contract appraisal report specifications for partial acquisitions shall conform in general content and organization to "Section C-2" in section 66, exhibit 01, and shall include additional specifications found in section 66, exhibit 02.

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## **64 - PRIVATE CONTRACT APPRAISER QUALIFICATIONS FOR APPRAISAL CONTRACTS**

Private contract appraisers who prepare contract appraisals shall meet the qualifications requirements contained in FSM 5410.6 and 5411.

### **64.1 - Private Contract Appraiser Qualifications for Land Exchanges**

In addition to the requirements set forth in section 64 of this Handbook, private contract appraisers performing exchange appraisal assignments shall be an appraiser agreeable to all parties, approved by the authorized officer, and be competent, reputable, impartial, trained, and experienced in appraising property similar to the property involved in the appraisal assignment (36 CFR 254.9).

## **65 - CONTRACT APPRAISALS FOR SPECIAL PURPOSES**

### **65.1 - Appraisals for Land Exchanges**

The Federal Land Exchange Facilitation Act (FLEFA) of 1988 (43 U.S.C. 1716) requires that appraisals prepared for land exchanges to the extent possible, meet, the requirements of the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA).

#### **65.11 - Special Appraisal Considerations for Land Exchanges**

The following shall be included or considered when preparing an appraisal contract involving a land exchange:

1. Definitions found in Title 36, Code of Federal Regulations, section 254.2 (36 CFR 254.2) shall be used to define terms in the appraisal contract, especially as they apply to the terms “market value” and “highest and best use.”
2. Basic contract specifications (sec. 66, ex. 01) shall be used, and modified if needed, by written instructions to conform to land exchange requirements.
3. The requirements contained in the appraisal contract shall accurately reflect the terms and agreements specified in the Agreement to Initiate (ATI) (FSH 5409.13, sec. 32).
4. Appraisals of the Federal and non-Federal lands shall be prepared by the same appraiser, unless the use of a different appraiser is waived in writing by the Regional Appraiser.
5. The Federal land and interest in land shall be appraised as if in private ownership and available for sale in the open market (36 CFR 254.9). This requirement shall be clearly disclosed in the appraisal contract.

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6. If the ATI specifies an assembled exchange (sec. 14.2), the individual ownerships shall be appraised as stand alone properties and the value of each ownership reported separately. Instructions to the appraiser shall be clear as to which parcels of Federal and non-Federal lands are to be appraised separately and which are to be appraised as a single property. If the instructions are contrary to what the appraiser concludes in the analysis of highest and best use, it may be necessary for the appraiser to contact the assigned staff review appraiser for clarification of the assignment or cite the instructions as an extraordinary assumption or hypothetical condition.

### **65.2 - Small Tracts Act Cases**

The basic contract specifications format (sec. 66, ex. 01) shall be used when contracting real property appraisals for Small Tracts Act cases.

### **65.3 - Recreation Residence Lots**

The standard specifications for recreation residence lot appraisals shall be used Service-wide (sec. 66, ex. 03). Do not modify or deviate from these specifications without the approval of the Washington Office, Director of Lands.

Require all appraisers conducting a second appraisal for a recreation residence lot to submit an Assignment Agreement (sec. 66, ex. 04).

### **65.4 - Land-Use Authorizations**

Specifications for appraisals to establish fees for land-use authorizations shall generally follow the basic contract specification (sec. 66, ex. 01). Detailed supplemental instructions shall be provided to the appraiser, as appropriate, and may include hypothetical conditions or extraordinary assumptions relating to an assumed highest and best use, larger parcel considerations, privately owned improvements, and so forth.

## **66 - EXHIBITS**

1. Exhibit 01. Exhibit 01 contains the format and basic specifications for real property appraisals.
2. Exhibit 02. Exhibit 02 contains the supplemental specifications for the appraisal of partial interest acquisitions.
3. Exhibit 03. Basic Specifications for the Appraisal of Recreation Residence Lots.
4. Exhibit 04. Assignment Agreement for the Appraisal of Recreation Residence Lots

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**66 - Exhibit 01**

**Basic Specifications For Real Property Appraisals**

**SECTION B - SERVICES AND PRICES**

**B-1 - Fixed-Price Contracts.** The task/appraisal assignment and desired delivery date are set forth in the contract specifications. The Contracting Officer (CO) provides the specifications in proposed contracts and solicits competition. The most advantageous offer to the Government based on technical qualifications and price is selected. The lowest price is not necessarily the determining factor. The contract appraiser signs the contract committing to its terms.

**B-2 - IDIQ Contracts.** The CO solicits bids for services on a multi-year daily rate basis. Multi-year contracts are awarded to several qualified contract appraisers making them available on a standby basis. They bid an initial daily rate and may bid a different rate for each year of the contract (increase by expected inflation rate). The price per job is agreed upon at the time an appraisal is needed. This is done with a work/delivery order to be issued against the contract.

**B-2.1 - Work Orders or Delivery Orders.** A Work Order and Notice of Noncompliance, Form FS-6300-12, and Delivery Orders, Optional Form 347, are prepared by the Contracting Officer's Representative (COR). At a minimum, the orders shall contain:

- a. Date of the order.
- b. Contract Number and Order Number.
- c. Specific description of appraisal work (task) to be performed by the contract appraiser. The specifics of the assignment can be inserted into the technical specifications and referenced in the work order or included in separate instructions to the contract appraiser.
- d. Delivery date.
- e. The agreed upon price or daily rate. The COR estimates the time required to complete the task and presents the selected contract appraiser or contractor appraisers with the work order. The contract appraiser quotes an estimate of the time required to complete the job. The contract appraiser who offers the best advantage to the Government, including technical qualifications, is selected.
- f. The contract appraiser agrees to the specified terms and signs the work order.

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**SECTION C - DESCRIPTIONS AND SPECIFICATIONS**

**C-2 - Basic Specifications For Real Property Appraisals.**

**C-2.1 - General Specifications.**

**C-2.1(a) - Scope of Service.** The contract appraiser shall furnish all materials, supplies, tools, equipment, personnel, travel (except those to be furnished by the Government as listed in Section I) and shall complete all requirements of this contract, including performance of the professional services listed herein.

The project consists of one or more self-contained appraisal report(s) per bid item for the specified property(ies). For the purposes of these specifications, any appraisal report, whether identified by the contract appraiser as a self-contained report or a summary report, will be considered as meeting the "Uniform Standards of Professional Appraisal Practice" (USPAP) requirements for a "self-contained" report if it has been prepared in accordance with the "Uniform Appraisal Standards for Federal Land Acquisitions" (UASFLA) (2000; Section A). The report shall provide an estimate of market value for the estate to be appraised and shall conform to the editions of USPAP, published by The Appraisal Foundation, current as of the date of the report, as well as UASFLA.

The contract appraiser may be provided a pre-determined date of value for the entire project; otherwise, the date of the value estimate shall be the last date the contract appraiser inspected the appraised property.

If clarification of these specifications is needed and/or to arrange for the site inspection and pre-work meeting, the contract appraiser shall contact the assigned staff review appraiser at:

\_\_\_\_\_ (Review Appraiser)  
\_\_\_\_\_ (Mailing Address)  
\_\_\_\_\_ (Telephone Number)

The contract appraiser's contact with Forest Service officials is limited to the Contracting Officer, the assigned review appraiser, and the Regional Appraiser. The contract appraiser shall notify the assigned review appraiser of any requests for information by other Forest Service officials.

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C-2.1(b) - Appraisal Report. The contract appraiser selected for the assignment shall make a detailed field inspection of the subject property as identified in Exhibit \_\_\_ and conduct as many investigations and studies as necessary to derive sound conclusions to prepare the appraisal report.

C-2.1(c) - Pre-Work Conference. At the request of the assigned staff review appraiser, the contract appraiser may be required to attend a pre-work conference for discussion and understanding of these instructions. The pre-work conference may be held in conjunction with the property examination [C-2.1(d)].

C-2.1(d) - Examination Notice. The contract appraiser shall provide the property owner and the Government 10 days advance notice of the examination date and shall give the owner, or the designated representative, and the Government an opportunity to accompany the contract appraiser during the inspection of the property. These notices shall be documented in the contract appraiser's transmittal letter of the appraisal report. The contract appraiser shall certify that the contract appraiser has personally visited the appraised property(ies) and all of the comparable transactions used in the comparative analyses.

C-2.1(e) - Updating of Report. Upon the request of the Government, the contract appraiser shall, during a 2-year period following the valuation date of the appraisal report, update the value as of a specified date. The updated report shall be submitted in original and \_\_\_\_\_ copies (number of copies to be determined) and shall include sales data or other evidence to substantiate the updated conclusion of value. The suggested format is shown under item C-2.3.

C-2.1(f) - Testimony. Upon the request of the United States Attorney or the Department of Justice, the contract appraiser shall, in any judicial proceedings, testify as to the value of any and all property included in the appraisal report as of the valuation date.

C-2.1(g) - Definition of Terms. Unless specifically defined herein or in either USPAP or UASFLA, definitions of all terms are the same as those found in "The Dictionary of Real Estate Appraisal" (Appraisal Institute), current edition. The UASFLA shall take precedence in any differences among definitions.

C-2.2 - Technical Specifications.

Application of These Specifications: These technical specifications reflect the standards for the appraisal of property to be acquired or conveyed by the Forest Service. Unless defined for the contract appraiser in the assignment, the specifications require the contract appraiser to analyze and determine the larger parcel. If it is determined that the estate to be appraised contains multiple larger parcels, the contract appraiser shall consult with the assigned staff review appraiser for possible additional direction. For exchanges, the larger parcel will be specifically defined in the Agreement to Initiate (ATI).

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Federal Law Controls: Federal law may differ from the laws of some states and supercedes State law when they conflict. Accordingly, it is incumbent upon the contract appraiser to understand the applicable Federal law as it affects the appraisal process in the estimation of market value. Federal law is reflected in UASFLA. The specifications in this appraisal contract follow UASFLA format, with emphasis on issues of special concern to the Forest Service. It should not be construed that the contract appraiser is to consider only the emphasized items. Appraisal reports shall be prepared in compliance with UASFLA standards and Forest Service appraisal instructions provided by the assigned staff review appraiser.

One aspect of the UASFLA that the contract appraiser should be aware of is the “unit rule.” The unit rule requires valuing property as a whole rather than by the sum of the values of the various interests into which it may have been carved. A second aspect of the unit rule is that different elements or components of a tract of land are not to be separately valued and added together.

UASFLA and USPAP Conflicts: Conflicts between UASFLA and USPAP are minimal. When there is conflict, UASFLA takes precedence. It may be necessary to invoke the Jurisdictional Exception Rule to USPAP to meet certain standards of the UASFLA. Invocation of the Jurisdictional Exception Rule should never be invoked lightly and must include citation of the over-riding Federal policy, rule, or regulation that requires it. Any jurisdictional exceptions not specifically cited in the UASFLA shall be discussed with the assigned staff review appraiser.

Comprehensive Review: Federal law requires review of all appraisals by a qualified review appraiser to assure they meet applicable appraisal requirements, including those in UASFLA, Forest Service policy, and these specifications. Compliance with USPAP will also be reviewed. Findings of deficiency shall be discussed and corrections requested once the appraisal report has been delivered. A value estimate is acceptable for agency use only after the assigned staff review appraiser has approved the appraisal report (FSM 5411).

Freedom of Information Act: Freedom of Information Act provisions may result in the release of all or part of the appraisal report to the public. Prepare the report so that:

- a. Analytical methods and techniques are explained (in so far as possible) in a manner understandable to the public, as well as the reviewer.
- b. If providers of information request confidentiality, this information is not included in the report. Confidential information shall be made available to the staff review appraiser upon request, but shall not be incorporated in a Forest Service system of records.

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C-2.2(a) - Format. The report shall be typewritten on bond paper, sized at 8 1/2 by 11 inches, with all parts of the report legible, and bound with a durable cover. The face of the report shall be labeled to identify the appraised property and show the contract number, the contract appraiser's name and address, and the date of the appraisal. All pages of the report, including the exhibits, shall be numbered.

C-2.2(b) - Contents. The suggested format outlined in items C-2.2(b)(1) through C-2.2(b)(4) is based on UASFLA. Although it is not required that the contract appraiser strictly adhere to it, all items must be addressed. It should be noted that in most instances, these specifications reference UASFLA without reprinting them here. Important items are noted below, but are not all-inclusive. It is incumbent upon the contract appraiser to read, understand, and comply with UASFLA and these specifications.

C-2.2(b)(1) - Part I - Introduction. Follow the UASFLA format.

1. Title Page.
2. Letter of Transmittal.
3. Table of Contents.
4. Appraiser's Certification. Follow the UASFLA and USPAP guidelines, but include the following:

"I have made a personal inspection of the appraised property which is the subject of this report and all comparable sales used in developing the opinion of value. The date(s) of inspection was \_\_\_\_\_, and the method of inspection was \_\_\_\_\_." (If more than one person signs the report, this certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property. The contract appraiser must inspect the appraised property.)

"In my opinion, the market value (or other value as required) is \$\_\_\_\_\_ as of (date).

By (Appraiser's signature) \_\_\_\_\_

Printed Name and Professional Accreditation

State General Certification No. \_\_\_\_\_

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5. Summary of Salient Facts and Conclusions.

6. Photographs of Subject. Provide original color photographs or high quality color copies of photographs of the appraised property. Photographs may be a separate exhibit in the addenda or included with the narrative description of the appraised property and comparable sales. Show the following information with each photograph:

- a. Identify the photographed scene. Indicate direction of view, vantage point, and other pertinent information. A map may be used to show some of this information.
- b. The name of the photographer.
- c. The date the photograph was taken.

7. Statement of Assumptions and Limiting Conditions. All appraisal reports submitted to the Forest Service for review become the property of the United States and may be used for any legal and proper purpose. Therefore, a condition that limits distribution of the report is not permitted.

If the appraisal has been made subject to any encumbrances against the property, such as easements, that shall be stated. It is unacceptable to state that the property has been appraised as if free and clear of all encumbrances, except as stated in the body of the report; the encumbrances must be identified in this section of the report.

The use of an uninstructed assumption or hypothetical condition that results in other than "as is" market value will invalidate the appraisal. Include only factors relating to the appraisal problem. Assumptions and limiting conditions that are speculative in nature are inappropriate. Do not include limiting conditions that significantly restrict the application of the appraisal.

In this section of the specifications, or in separate written instructions, the contract appraiser shall be instructed as to necessary hypothetical conditions or extraordinary assumptions. For conveyances of Federal land, include a hypothetical condition stating that the Federal land is appraised as if it is in non-Federal ownership and zoned consistent with similar non-Federal property.

A contract appraiser cannot make an assumption or accept an instruction that is unreasonable or misleading. Agency instructions and/or legal instructions shall have a sound foundation, be in writing, and included in the appraisal report.

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8. Scope of the Appraisal. This section shall fully describe the extent of investigation and analysis. The scope of work should be consistent with the intended use of the appraisal.

9. Purpose of the Appraisal. A description of the property rights appraised shall be included under factual data rather than in the Purpose section.

The “Intended Use and Intended User” section shall include a statement defining the intended use and user of the report. This information should be contained within the instructions given the contract appraiser. If the appraisal instructions do not include this information, the contract appraiser shall ask the assigned staff review appraiser to supply it.

For acquisition appraisals, use the following definition: “Market value is the amount in cash, or terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.”

This definition makes no linkage between the estimated market value and exposure time. A specific exposure time shall not be cited in an appraisal report prepared under UASFLA standards. Invoke the Jurisdictional Exception Rule to avoid a violation of USPAP standards, which require a specific exposure time.

A different definition of value will be given in the appraisal instructions for exchange appraisals. For other types of appraisals, define market value as noted above unless specifically given another definition in the appraisal instructions.

10. Summary of Appraisal Problem.

C-2.2(b)(2) - Part II - Factual Data.

1. Legal Description. The legal description is provided to the contract appraiser in the appraisal assignment. If a lengthy description would disrupt the narrative flow, it may be placed in the addenda and referenced in the text.

2. Property Rights. The property rights to be appraised shall be provided to the contract appraiser in this section of the specifications or in the appraisal instructions.

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3. Identify the property rights to be appraised as instructed. List all reservations, outstanding rights, and other encumbrances. For multiple parcel properties, list by appraised parcel. If investigation reveals differences from property rights cited in the assignment, confer with the assigned staff review appraiser. Discuss the effect on value of identified reservations, outstanding rights, and other encumbrances.
4. Area, City, and Neighborhood Data. The use of boilerplate demographic and economic data is unnecessary and undesirable. Report only data that directly impacts the market analysis.
  - a. Area Map. Include a small-scale map showing the general location of the appraised property. It can be placed here or in the addenda.
  - b. Neighborhood Map. Show the appraised property and its immediate neighborhood. The map may be placed here or in the addenda.
5. Property Data. Include the following:
  - a. Site Description: Dimensions, size, shape, vegetative cover, soil types, topography, elevations, wetlands, flood plains, view, timber, water rights, effect of encumbrances, livestock forage, access, road frontage, utilities, location, or other characteristics that may affect value. A statement must be made concerning the existence or absence of mineral deposits having a commercial value. Exchange appraisals of National Forest System lands with reserved public domain status must include a discussion of minerals and must be supported by a mineral report to be included in the addenda. Evidence, if any, of hazardous substances shall be described by the contract appraiser.
  - b. Improvements.
  - c. Fixtures.
  - d. Use History. A 10-year history is required.
  - e. Sales History. Include a 10-year record of all sales of the appraised property and, if the information is available, offers to buy or sell. If no sale has occurred in the past 10 years, the appraiser shall report the last sale of the property, irrespective of date.
  - f. Rental History. A 3-year rental history is required. An unsupported statement that the rent does not represent market or economic rent is unacceptable.

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g. Assessed Value and Annual Tax Load.

h. Zoning and Other Land-use Restrictions. Federal lands must be appraised under the hypothetical condition that they are already in non-Federal ownership and zoned consistent with similar non-Federal properties in the market area. The contract appraiser shall identify, in addition to zoning, all other land-use and environmental regulations, outstanding rights, and reservations that have an impact on the highest and best use and value of the property.

i. Appraised Property Map or Plat. Show the dimensions and topography of the appraised property in detail on a large-scale topographic map, at least 2 inches to the mile. The map may be placed here or in the addenda.

C-2.2(b)(3) - Part III - Data Analysis And Conclusions.

1. Analysis of Highest and Best Use. For acquisition appraisals, UASFLA defines highest and best use as “The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future.” The contract appraiser may also refer to definitions as found in “The Dictionary of Real Estate Appraisal.” For exchange appraisals, use the following definition of highest and best use: “An appraiser’s supported opinion of the most probable and legal use of a property, based on market evidence, as of the date of valuation” (36 CFR 245.2).

The UASFLA requires the contract appraiser to make a larger parcel determination in all appraisals. Apply the tests provided in UASFLA to determine the larger parcel(s).

a. Larger Parcel Determination for Land Exchanges. The contract appraiser shall not consider land outside the property described in the ATI for either larger parcel determination or in reaching a conclusion of the highest and best use (UASFLA, 2000 D-7).

b. Larger Parcel Determination for Fee Acquisitions. For direction on larger parcel determination for fee acquisitions by the USDA Forest Service, see FSH 5409.12, section 14.9.

c. Larger Parcel Determination for Conveyances. For direction on larger parcel determination for fee conveyances by the USDA Forest Service, see FSH 5409.12, section 14.8.

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The highest and best use conclusion must be clearly supported by market evidence. Sale or exchange to the United States or other public entity is not an acceptable highest and best use. The use to which the Government will put the property after it has been acquired is, as a general rule, an improper highest and best use. A non-economic highest and best use, such as "conservation," "natural lands," "preservation," or any use that requires the property to be withheld from economic production in perpetuity, is not a valid use upon which to base an estimate of market value.

If the highest and best use is for assemblage, describe and explain the relationship of the appraised property to the property to which it would be joined.

If speculation or investment is the highest and best use of the property, describe and explain its interim and most probable ultimate use.

When there is a claim that the highest and best use of a property is something other than the property's existing use, the burden of proof is on the contract appraiser.

Market value cannot be predicated upon potential uses that are speculative and conjectural.

The contract appraiser's opinion of a reasonable probability of a zoning change must have a factual foundation. The appraisal report shall include a description of the investigation undertaken to determine the probability of rezoning. The investigation shall include thorough research of the use(s) and zoning of properties situated similarly to the subject property within the area covered by the zoning authority. The stated rezoning conclusion shall be supported by facts surfaced in the research. A property cannot be valued as if it were already rezoned for a different use. The property must be valued only in light of the probability of obtaining a zoning change.

2. Value Estimate by the Cost Approach. Estimate the value of the land as though vacant and available for its highest and best use. Estimating land value by the use of confirmed sales of comparable, or nearly comparable, lands having like optimum uses is the preferred method.

If the contract appraiser will place considerable weight on the cost approach to value in reaching a final value estimate, consideration should be given to retaining the services of a contractor or professional cost estimator to assist in developing the reproduction or replacement cost estimate.

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Estimating depreciation by the use of published tables or age-life computation shall be avoided. The contract appraiser must substantiate that it is not possible to abstract depreciation rates from the market if tables or age-life methodologies are used to compute depreciation. If this is the only method used, the weakness resulting from the lack of market support is to be addressed and considered in the reconciliation.

3. Value Estimate by the Sales Comparison Approach. Nearby arm's length transactions, comparable to the land under appraisal, and reasonably current, are the best evidence of market value. The Federal courts recognize the sales comparison approach as being normally the best evidence of market value.

Analyze the last sale of the subject property if relevant. If not used, explain why. An unsupported claim that a sale of the subject property was a forced sale, or is not indicative of its current value, is unacceptable.

When supportable by market evidence, the use of quantified adjustments is preferred. Percentage and dollar adjustments may, and often should, be combined. Resort to qualitative adjustments only when there is inadequate market data to support quantitative adjustments. Factors that cannot be quantified are dealt with in qualitative analysis. When quantitative and qualitative adjustments are both used in the adjustment process, all quantitative adjustments should be made first.

Include a sales adjustment chart summarizing the adjustments and showing the final adjusted sale prices and how the sales compare with the subject property.

The documentation of each comparable sale shall include:

- a. Parties to the transaction.
- b. Date of transaction.
- c. Confirmation of the transaction. Confirm the transaction with the buyer, seller, broker, or other person having knowledge of the price, terms, and conditions of sale.
- d. Buyer motivation.
- e. Location.
- f. Size.

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- g. Legal description.
- h. Property rights conveyed.
- i. Consideration.
- j. Financing terms.
- k. Sale conditions. Verify if the sale was an arm's length or distressed sale.
- l. Improvements.
- m. Physical description. Describe topography, vegetative cover, water influence, and other characteristics.
- n. Non-realty items.
- o. Economic characteristics.
- p. Zoning.
- q. Current use.
- r. Topographic map.
- s. Photographs.

In order to make meaningful comparisons between the sales and the appraised property, the Forest Service requires inspection of all sales directly compared with the appraised property. Unusual circumstances that preclude on-the-ground inspection or make inspection unreasonably difficult shall be discussed with the assigned staff review appraiser prior to completion of the appraisal report. Waiver of the comparable sale inspection requirement must be made in writing by the assigned staff review appraiser in the form of a supplemental appraisal instruction. There shall be no waiver of the requirement for inspection of the appraised property.

Include a list of the sales considered, but not actually used, in the addenda. Cite pertinent facts such as date, size, buyer and seller, price, terms, location, and explain why each sale was not used.

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The contract appraiser shall adhere to UASFLA direction pertaining to comparable sales requiring extraordinary verification and weighting considerations. These include sales to governmental agencies, sales to environmental organizations, sales to parties desiring to exchange the land to the government, distressed sales, and other atypical or non-arm's length sales.

4. The Income Capitalization Approach. All data shall be market supported.

5. The Development Approach. The development approach should not be relied upon as the primary indicator of value when comparable sales are available with which to accurately estimate the property's market value. The contract appraiser shall adhere to UASFLA direction pertaining to this highly sensitive and complex method of valuation.

6. Correlation and Final Conclusion of Market Value. The contract appraiser must avoid making a summation appraisal.

Appraisers are responsible for the final opinion of value even if it relies upon estimates developed by others (such as, timber cruisers, mineral appraisers, or cost estimators).

C-2.2(b)(4) - Part IV - Exhibits and Addenda.

Include the following items as applicable to the appraisal problem if not included in the body of the report:

1. Maps. Maps shall clearly identify the properties and be of sufficient quality to enable the staff review appraiser to locate the properties on the ground. Maps shall be dated, include a legend, scale, and north arrow. The original copy of the report shall contain original maps or vivid color copies.

a. Area Map. This is a small-scale map showing the general location of the subject market area.

b. Neighborhood Map. This map shows the appraised property and its immediate neighborhood.

c. Tract Map or Plat. This map is a large-scale (2-inch/mile) United States Geological Survey (USGS) or similar quality map that shows the appraised property and pertinent physical features such as roads, streams, and improvements. If portions of the appraised property are assigned separate values, such as in an assembled exchange, these areas shall be delineated on this map, or a separate map.

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- d. Comparable Sales Location Map. This map shall show the location of the appraised property and the sales. Delineate the boundaries of the appraised properties and comparable sales when the map is of sufficient scale to be meaningful. If all pertinent comparable sales cannot be shown on the same map as the appraised property, a smaller-scale map (such as a state road map) may be included in addition to the larger scale map.
2. Sale Transaction Forms. Include a completed form showing all information for each comparable transaction used in the appraisal. Include a plat (if available), a USGS topographic map (if appropriate), and color photo(s) of each sale. The transaction number must match the number of the transaction listed in the report.
3. Legal Description. Include a full legal description of the property appraised if not shown in the narrative section of the report.
4. Title Information. Include a copy of the preliminary title report for the non-Federal land and a statement of interest (status report) for the Federal land, as applicable.
5. Photographs. Provide quality color photographs of the appraised property and all comparables in the original and all copies of the final report. Photographs may be a separate exhibit in the addenda or included with the narrative description of the appraised property and comparable sales. Show the following information with each photograph:
- a. Identify the photographed scene. Indicate direction of view, vantage point, and other pertinent information. A map may be used to show some of this information.
  - b. The name of the photographer.
  - c. The date the photograph was taken.
6. Other Pertinent Exhibits. Present additional data such as documents and charts pertinent to the valuation and referred to in the body of the appraisal. It may include:
- a. A copy of an easement or other deed.
  - b. A copy of technical reports from specialists. This may include a timber cruise summary signed by a timber cruiser, a road plan signed by an engineer, or a mineral report signed by a geologist.
  - c. Property owner permission to appraise.

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7. References. List sources of data, including documents and individuals.

8. Qualifications of the Appraiser. Include the qualifications of all contract appraisers or technicians who made significant contributions to the completion of the appraisal assignment. The contract appraiser(s) must provide evidence of compliance with the certification requirements of the state(s) where the properties are located.

C-2.3 - Format For Supplemental Appraisal Reports. Supplements or amendments to appraisal reports, such as for updating value estimates, changes in acreage, additional support or explanation, or to correct a previous appraisal report, shall be referenced for incorporation with the original report. The following format is recommended. All items must be addressed.

1. Title Page. Include the same information as on the original appraisal report. Label the report as a "Supplemental" or "Updated" appraisal report.

2. Summary of Facts. Include (a) owner's name or other identification of the property, (b) size, (c) highest and best use, (d) new estimate of value, and (e) new valuation date.

3. Summary of Original Appraisal. Cite the date and value opinion from the original appraisal. If previous updates have been made since the original appraisal, cite value opinions and value dates from all updates as well as the original appraisal.

4. Changes. Explain the reason for the appraisal supplement; such as, to update an opinion of value, amend a previous appraisal report, add additional support or explanation, or other.

5. New Opinion of Value. Discuss the changes and market activity that have occurred since the original appraisal (or previous update). Discuss the method used to update the opinion of value and cite the evidence and/or analysis of trends that support the updated value opinion. Conclude with a statement of the new opinion of value and the valuation date, followed by the contract appraiser's signature.

6. Certification.

7. Addenda. Include sales data detail for new sales cited, summaries of data and trend analyses, maps of sales analyzed, and any other information relied upon but not included in the text.

8. Binding. If the Supplemental Appraisal Report comprises more than four pages, it shall be bound in a durable report cover with appropriate identification.

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**SECTION E - INSPECTION AND ACCEPTANCE**

E-1-Basis of Inspection And Acceptance. Agriculture Acquisition Regulation (48 CFR Ch. 1), Clause 52.246-4, Inspection of Services - Fixed Price (Apr 84) (FSH 6309.32-AGAR 52.246-4) shall be the basis of inspection and acceptance.

**SECTION F - DELIVERIES OR PERFORMANCE**

F-1-Time for Contract Performance. The Contract appraiser shall submit to the assigned staff review appraiser, \_\_\_ original and \_\_\_ copy(ies) of the original appraisal report for approval within \_\_\_ days of the Notice to Proceed. The assigned staff review appraiser will then review the final appraisal report for acceptance or recommend revisions. If revisions are necessary, the revised report shall be submitted within \_\_\_ days of notification.

F-2-Contract Time Phases. Contract time will proceed according to the following phases. Upon the completion of one phase, remaining contract time shall not be carried forward.

PHASE 1: \_\_\_ Calendar days. The contract appraiser shall submit to the Government \_\_\_ copy(ies) of the appraisal report. The appraisal report shall be submitted to the CO within 30 calendar days after the date of value, unless otherwise specified in writing by the CO and/or COR.

PHASE 2: \_\_\_ Calendar days. The Government shall review the original appraisal report for acceptance.

PHASE 3: \_\_\_ Calendar days. The Contract appraiser shall correct any deficiencies, if any, and submit the revised appraisal report to the Government.

PHASE 4: \_\_\_ Calendar days. The Government shall review the revised appraisal report for acceptance.

F-3. Pre-work Conference. A pre-work meeting between the assigned staff review appraiser and the contract appraiser may be required. It is preferable that this be accomplished during the site inspection with the landowner present.

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**66 - Exhibit 01--Continued**

**SECTION G - CONTRACT ADMINISTRATION DATA**

G-1-Method of Measurement. The unit of measurement is designated in the Schedule of Items, Section B of the contract.

G-2-Unit of Measurement. Measurement shall be made for each item or unit of work as shown in the Schedule of Items, completed as described in the Specifications and Supplements thereto.

G-3-Payment for Contract Work. Payment for contract work shall be made only for items listed in the Schedule of Items. All other work shall be considered incidental and included in the payment of the items listed in the Schedule of Items.

G-4-Timing of Payment. Payment shall be made upon receipt and approval of the final appraisal report. Typically, no progress payments shall be made. However, partial payments in an amount not less than 50 percent of the total price may be authorized if the technical review period shall be extensive due to the complexity of the appraisal problem.

G-5-Payments for Updates. Payment for updating shall be at a fixed fee that may be agreed upon at the time the updating is requested.

G-6-Payment for Testimony. Payment for testimony shall be at a fixed fee to be negotiated at the time the testimony is requested. Travel expenses shall be paid at a rate not to exceed Federal Government travel allowances.

G-7-Contract Payment Estimate and Invoice. At the contract appraiser's request, the COR and the contract appraiser shall jointly prepare Form FS-6300-30, Contract Payment Estimate and Invoice, for signature of the CO for payment. It is not necessary for the contract appraiser to submit any other invoice or statement.

G-8-Basis of Payment. The accepted quantities shall be paid for at the contract unit price for the items shown in the Schedule of Items.

G-9-Property of the United States. All submitted appraisal reports become the property of the United States and may be used for any legal and proper purpose.

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The Government shall furnish the following at the Supervisor's Office in (city), (state), at the contract appraiser's request after the award:

1. Use of aerial photographs of the appraised property and of such other aerial photographs as are available. (To be returned to the COR upon completion of the appraisal, if not included as an exhibit to the report.
2. Copies of pertinent Forest Service administrative maps as available for use in the appraisal report.
3. Current Forest Service Land Status Reports covering the Federal lands, if not previously furnished.
4. Current title commitments or similar documents covering the non-Federal lands, if not previously furnished.



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**66 - Exhibit 02--Continued**

1. Legal Description. If only a portion of the bundle of rights pertaining to a specific parcel of real estate is being acquired, this will be the same as in the before condition. If all of the rights held by the grantor for only a portion of the larger parcel are being acquired, this section will describe only the real estate being retained in the after condition.

2. Property Rights. If the partial interest being acquired is only a portion of the property rights associated with the larger parcel, the rights being acquired are outstanding rights for the “after appraisal.”

C-2.2(b)(5) - Part V - Data Analysis And Conclusions After Acquisition.

C-2.2(b)(6) - Part VI - Acquisition Analysis.

1. Recapitulation. Show the difference between the value of the whole property and the value of the remainder by deducting the property’s after value from its before value.

2. Allocation and Explanation of Damages. Briefly explain any damages to the remainder property.

3. Explanation of Special Benefits. Identify any special benefits accruing to the remainder.

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**66 - Exhibit 03**

**BASIC SPECIFICATIONS  
FOR THE APPRAISAL OF RECREATION RESIDENCE LOTS**

These specifications replace Section C of the Basic Specifications for Real Property Appraisal in total. They are intended for use in the appraisal of recreation residence lots. The procedures for identifying, inventorying, and preparing for the appraisal of these lots are included in FSH 2709.11, Chapter 30.

**SECTION C-2 BASIC SPECIFICATIONS FOR REAL PROPERTY APPRAISALS**

**SECTION C-2.1 - GENERAL SPECIFICATIONS**

**C-2.1(a) - Scope of Service.** The Contractor shall furnish all materials, supplies, tools, equipment, personnel, travel (except those to be furnished by the Government as listed in Section I), and shall complete all requirements of this contract including performance of the professional services listed herein.

The project consists of one or more self-contained appraisal report(s) per bid item for the specified property(ies). For the purposes of these specifications . . . any appraisal report, whether identified by the appraiser as a self-contained report or a summary report, will be considered as meeting the “Uniform Standards of Professional Appraisal Practice” (USPAP) requirements for a ‘self-contained’ report if it has been prepared in accordance with . . .” the “Uniform Appraisal Standards for Federal Land Acquisitions” (UASFLA, 2000; Section A). The report shall provide an estimate of market value for the estate to be appraised, and shall conform to the current edition of USPAP, published by The Appraisal Foundation, as well as UASFLA.

**The Contractor may be provided a pre-determined date of value for the entire project; otherwise, the date of the value estimate shall be the last date the appraiser inspected the appraised property.**

If clarification of these specifications is needed, and/or to arrange for the lot inspection and pre-work meeting, the appraiser shall contact the assigned Forest Service review appraiser.

\_\_\_\_\_ (Review Appraiser)  
\_\_\_\_\_ (Mailing Address)  
\_\_\_\_\_ (Phone Number)

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The Contractor's contact with Forest Service officials is limited to the Contracting Officer, the assigned review appraiser, and the Regional Appraiser. The Contractor shall notify the assigned review appraiser of any requests for information by other Forest Service officials.

C-2.1(b) - Appraisal Report. The appraiser selected for the assignment shall make a detailed field inspection of the subject property as identified in Exhibit \_\_, and shall make such investigations and studies as are necessary to derive sound conclusions and to prepare the appraisal report.

C-2.1(c) - Pre-Work Conference: At the request of the assigned Forest Service review appraiser, the appraiser will be required to attend a pre-work conference for discussion and understanding of these instructions. The pre-work conference may be held in conjunction with the property examination [C-2.1(d)].

C-2.1(d) - Examination Notice. The authorized Forest Service officer, assigned Forest Service review appraiser, and Contractor shall offer to meet with the affected permit holders to provide them with information concerning the appraisal. The Contractor shall provide the permit holders at least a 30-day written notice in advance of the meeting. At the meeting, holders will be advised of the appraisal process, the method of appraisal, and selection of typical lots. The holders shall be given the opportunity and invited to provide the appraiser with factual or market information pertinent to the valuation of the typical lot or lots. This information must be submitted to the Contractor in writing and shall be accounted for in the appraisal report. Permit holders will be afforded the opportunity to meet the Contractor individually, or as a group.

The Contractor shall provide the 30-day advance meeting notification by certified mail, return receipt requested, of the date and approximate time of the meeting. Documentation of notification shall be contained in the addenda of the appraisal report. The holders shall be given the opportunity to accompany the Contractor during the scheduled permitted recreation residence lot property examination. The Contractor shall certify that the signer of the report has personally visited the appraised property and all of the comparable transactions used in the comparative analyses.

C-2.1(e) - Updating of Report. Upon the request of the Government, the Contractor shall, during a 2-year period following the date of the appraisal report, update the value as of a specified date. The updated report shall be submitted in original and \_\_\_\_\_ copies (number of copies to be determined) and shall include sales data or other evidence to substantiate the updated conclusion of value. For the suggested format, see Section C-2.3.

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**66 - Exhibit 03--Continued**

C-2.1(f) - Testimony. Upon the request of the United States Attorney or the Department of Justice, the Contractor shall, in any judicial proceedings, testify as to the value of any and all property included in the appraisal report as of the valuation date.

C-2.1(g) - Definition of Terms. Unless specifically defined herein or in CUFFA Section 604, the USPAP, or the UASFLA, definitions of all terms are the same as those found in "The Dictionary of Real Estate Appraisal" (Appraisal Institute), current edition. The UASFLA shall take precedence in any differences among definitions.

**SECTION C-2.2 - TECHNICAL SPECIFICATIONS**

Application of These Specifications. These technical specifications reflect the standards for the appraisal of property to be authorized for occupancy as a recreation residence lot by the Forest Service. The typical lot or lots to be appraised for this assignment are described in Exhibit \_\_\_\_.

Federal Law Controls. Federal law may differ in some important aspects from the laws of some states. Accordingly, it is incumbent upon the appraiser to understand the applicable Federal law as it affects the appraisal process in the estimation of market value.

Federal law is reflected in UASFLA. These specifications follow UASFLA format, with emphasis on issues of special concern to the Forest Service. It should not be construed that the appraiser is to consider only the emphasized items. Appraisal reports shall be prepared in compliance with UASFLA standards and Forest Service appraisal instructions provided by the assigned review appraiser.

One aspect of UASFLA that the appraiser should be aware of is the "unit rule." The unit rule requires valuing property as a whole rather than by the sum of the values of the various interests into which it may have been carved. A second aspect of the unit rule is that different elements or components of a tract of land are not to be separately valued and added together. See UASFLA, Section B-13, for further discussion of the unit rule.

Jurisdictional Exception Rule. Conflicts between UASFLA and USPAP are minimal. When there is conflict, UASFLA takes precedence. It may be necessary to invoke the Jurisdictional Exception Rule (USPAP) to meet certain standards of the UASFLA and the "Cabin User Fee Fairness Act of 2000" (CUFFA). Invocation of the Jurisdictional Exception Rule must include citation of the over-riding Federal direction, rule, regulation, or law that requires it. The planned use of the Jurisdictional Exception Rule of the USPAP shall be discussed with the assigned Forest Service review appraiser no later than the pre-work meeting.

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**66 - Exhibit 03--Continued**

Comprehensive Review. Federal law requires review of all appraisals by a qualified review appraiser to assure they meet applicable appraisal requirements, including those in UASFLA, Forest Service direction, and these specifications. Compliance with USPAP will also be reviewed. Findings of deficiency shall be discussed and corrections requested once the appraisal report has been delivered. A value opinion is acceptable for agency use only after the assigned Forest Service staff review appraiser has approved the appraisal report. (FSM 5411)

Freedom of Information Act. Freedom of Information Act and CUFFA provisions will result in release of all or part of the appraisal report to the public. Prepare the report accordingly:

a. Analytical methods and techniques shall be explained (in so far as possible) in a manner understandable to the public, as well as the reviewer.

b. If providers of information request confidentiality, such information shall not be included in the report. Confidential information shall be made available to the reviewer upon request, but shall not be incorporated in a Forest Service system of records.

Unit of Comparison. The final opinion of value shall be on the basis of fee simple value for the typical lot, rather than a unit price expressed as a value per square foot, per acre, per front foot, or similar unit. Normally, the unit of comparison in the appraisal of recreation residence lots shall be the lot. Price per front foot for waterfront lot may be appropriate where it is demonstrated similar lots are bought and sold on a front-foot basis. However, the final opinion of value for the typical recreation residence lot shall be in terms of total fee simple value for the lot.

Lot. The appraiser shall identify the lot to be appraised in a manner that is consistent with the definition of a lot as identified at 36 CFR 251.51. When recreation residence uses and facilities occur beyond the platted boundaries displayed on a recreation residence tract map or beyond "lot" boundaries marked on the ground, the lot to be appraised shall extend beyond those plotted or marked boundaries to include all National Forest System land and related improvements being used or occupied by the permit holder.

1. Examples of uses or facilities that, in addition to the recreation residence itself, are considered related improvements may include, but are not limited to:

a. Outbuildings.

b. Wood piles.

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- c. Retaining walls.
  - d. Picnic tables.
  - e. Driveways and parking areas.
  - f. Trails and boardwalks.
  - g. Campfire rings, seats, and benches.
  - h. Constructing and maintaining of lawns, gardens, flower beds, and landscaped terraces.
  - i. Manipulation and/or maintenance of native vegetation, except as provided for in paragraph 2a.
2. Related improvements do not include:
- a. Manipulated and/or maintained native vegetation that is manipulated or maintained for the primary purpose of protecting property and mitigating safety concerns, such as the removal of hazard trees, and the treatment/management of vegetation, approved by the authorized officer, to reduce fuel loading and to create defensible space for wildfire suppression purposes.
  - b. Tract association- or community-owned improvements or uses such as boat docks, swimming areas, and water or sewer systems that are under a separate authorization and issued in the name of a tract association or other entity representing the owners of the recreation residences.

Physical Capacity of the Lot to Accommodate Essential Infrastructure. The physical capacity of the lot and appurtenant area to support essential infrastructure associated with recreation residence use, such as an appropriate septic system, domestic water source (well and pump) in conformance with local health and safety requirements, shall be documented in the appraisal and reflected in the value conclusion.

C-2.2(a) - Format. The report shall be typewritten on bond paper sized 8 1/2 by 11 inches with all parts of the report legible and shall be bound with a durable cover. The face of the report shall be labeled to identify the appraised property and to show the contract number, appraiser's name and address, and the date of the appraisal. All pages of the report, including the exhibits, shall be numbered.

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C-2.2(b) - Contents. Following is a suggested format, based on UASFLA. Although it is not required that the appraiser strictly adhere to this format, all items must be addressed. It should be noted that in most instances, these specifications reference UASFLA without reprinting them here. Important items are noted below, but are not all-inclusive. It is incumbent upon the appraiser to read, understand, and comply with UASFLA and these specifications.

C-2.2(b)(1) - PART I - INTRODUCTION. Follow the UASFLA format.

1. Title Page.
2. Letter of Transmittal.
3. Table of Contents.
4. Appraiser's Certification: Follow the UASFLA (A-4) and USPAP guidelines, but include the following:

"I have made a personal inspection of the appraised property which is the subject of this report and all comparable sales used in developing the opinion of value. The date(s) of inspection was \_\_\_\_\_, and the method of inspection was \_\_\_\_\_. (If more than one person signs the report, this certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)

"The landowner and/or permit holder or the landowner's and/or permit holder's representative jointly inspected the property with the appraiser on (date)." or "The landowner and permit holder were invited to jointly inspect the property and declined."

"In my opinion, the market value (or other value as required) is \$ as of (date)\_\_\_\_\_."

By (Appraiser's signature)\_\_\_\_\_

Printed Name

State Certification #

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5. Summary of Salient Facts and Conclusions. The Summary of Salient Facts and Conclusions is a brief recital of the principal facts and conclusions contained in the appraisal report. The purpose is to offer convenient reference to the reader. In addition to the reporting requirements found in UASFLA, items which must be included in the summary are:

- a. Name of recreation residence tract.
- b. Size range of lots.
- c. Authorized use, which is the highest and best use.
- d. Improvements furnished by the Forest Service (or any other entity who is or was not a cabin owner) included in the appraised value.
- e. Estimated value of each typical lot.
- f. Other pertinent facts and conclusions to provide ease of use of the report by the reader, including any hypothetical conditions, extraordinary assumptions, limiting conditions, or special instructions.
- g. Effective date of appraisal.

6. Photographs of Subject. Provide original color photographs or high quality color copies of photographs of the appraised property. Photographs may be a separate exhibit in the addenda or included with the narrative description of the appraised property and comparable sales. Show the following information with each photograph:

- a. Identify the photographed scene. Indicate direction of view, vantage point, and other pertinent information. A map may be used to show some of this information.
- b. The name of the photographer.
- c. The date the photograph was taken.

7. Statement of Assumptions and Limiting Conditions. Note the following: All appraisal reports submitted to the Forest Service for review become the property of the United States and may be used for any legal and proper purpose. Therefore, a condition that limits distribution of the report is not permitted.

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If the appraisal has been made subject to any encumbrances against the property, such as easements, that shall be stated. It is unacceptable to state that the property has been appraised as if free and clear of all encumbrances, except as stated in the body of the report; the encumbrances must be identified in this section of the report.

The adoption of an uninstructed assumption or hypothetical condition that results in other than “as is” market value will invalidate the appraisal. Include only factors relating to the appraisal problem. Assumptions and limiting conditions that are speculative in nature are inappropriate. Do not include limiting conditions that significantly restrict the application of the appraisal.

In this section of the specifications, or in separate written instructions, the contractor must be instructed as to necessary hypothetical conditions or extraordinary assumptions. The Contractor shall recognize that the typical lot will not usually be equivalent to a legally subdivided lot. The Contractor shall not select sales of land within developed urban areas and, in most circumstances, should not select a sale of comparable land that includes land that is encumbered by a conservation easement or recreational easement held by a government or institution. Sales of land encumbered by an easement may be used in situations in which the comparable sale is a single home site and is sufficiently comparable to the lot or lots being appraised.

“An appraiser cannot make an assumption or accept an instruction that is unreasonable or misleading. Agency instructions and/or legal instructions must have a sound foundation, must be in writing, and must be included in the appraisal report.” (UASFLA D-3)

All cabin-owner-provided improvements on and to the lot are excluded from consideration in the value conclusion.

All utilities, access, or facilities that, in accordance with the inventory of those improvements, are identified as having been provided by the cabin owner, or a predecessor of the cabin owner, are to be excluded from consideration in the value conclusion.

The lot is appraised as if held in private ownership.

The highest and best use of the lot is its authorized use, a recreation residence lot.

Lot size shall conform with all local zoning requirements in effect on the date of the original authorization and all applicable “grandfathering” provisions in effect on the date of value.

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8. Scope of the Appraisal. This section shall fully describe the extent of investigation and analysis. The scope of work should be consistent with the intended use of the appraisal.

9. Purpose of the Appraisal. Note the following:

A description of the property rights appraised is to be included under factual data rather than in the Purpose section.

Use the following definition: "Market value is the amount in cash, or terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal." (UASFLA A-9)

This definition makes no linkage between the estimated market value and exposure time. A specific exposure time shall not be cited in an appraisal report prepared under UASFLA standards. Invoke the Jurisdictional Exception Rule to avoid a violation of USPAP standards, which require a specific exposure time.

The purpose of the appraisal is to determine market value of the fee simple estate of a typical lot or lots. The appraisal will be used by the Forest Service to determine the base cabin user fee required by the "Cabin User Fee Fairness Act of 2000." Intended users of the appraisal are the Forest Service and affected cabin owners.

10. Summary of Appraisal Problem

C-2.2(b)(2) - Part II - FACTUAL DATA

1. Legal Description. Note the following: The legal description is provided to the appraiser in the appraisal assignment. If a lengthy description would disrupt the narrative flow, it may be placed in the addenda and referenced in the text.

2. Property Rights. The estate appraised is fee simple title to the typical lot considered to be in a natural, native state. Utilities, access, or facilities serving the lot that are provided by the agency shall be included as features of the lot being appraised. Utilities, access, or facilities serving the lot that are provided by the cabin owner (or predecessor of the cabin owner) shall not be included as a feature of the lot being appraised. Utilities, access, or facilities serving the lot that are provided by a third party

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shall not be included as a feature of the lot being appraised, unless the Forest Service determines that the capital costs have not been paid by the cabin owner (or predecessor of the cabin owner). Discuss the effect on value of identified reservations, outstanding rights, and other encumbrances.

3. Area, City and Market Area Data. The use of boilerplate demographic and economic data is unnecessary and undesirable. Report only those data that directly impact the market analysis.

a. Area Map. Include a small-scale map showing the general location of the appraised property. It can be placed here or in the addenda.

b. Market Area Map. Show the appraised property and its immediate market area. The map may be placed here or in the addenda.

4. Property Data. Include a narrative description of the significant land features of the property being appraised. Briefly describe the typical recreation residence lot and group within the tract including the following:

a. Lot Description. Dimensions, size, shape, vegetative cover, soil types, topography, elevations, wetlands, flood plains, view, timber, water rights, effect of encumbrances, livestock forage, access, road frontage, utilities, location, or other characteristics that may affect value. A statement must be made concerning the existence or absence of mineral deposits having a commercial value. Evidence, if any, of hazardous substances shall be described by the appraiser. The typical lot is to be appraised as though in a natural, native state, defined by CUFFA as being free of any improvements at the time the lot was first authorized for recreation residence use by the agency.

b. Improvements. Note that the recreation residence is owned by the permit holder and that only the underlying National Forest System land is being appraised. The Contractor shall be provided applicable information contained in the inventory of improvements relating to the lot being appraised.

c. Fixtures.

d. Use History. 10-year history required.

e. Sales History. Include a 10-year record of all sales of the appraised property and, if the information is available, offers to buy or sell. If no sale has occurred in the past ten years, the appraiser shall report the last sale of the appraised property, irrespective of date.

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f. Zoning and Other Land-Use Restrictions. Federal lands must be appraised under the hypothetical condition that they are already in non-Federal ownership and zoned consistent with similar non-Federal properties in the market area. The appraiser shall identify, in addition to zoning, all other land-use and environmental regulations, outstanding rights, and reservations that have an impact on the highest and best use and value of the property.

g. Appraised Property Map or Plat. Show the dimensions and topography of the appraised property in detail on a large-scale topographic map, at least 2 inches to the mile. The map may be placed here or in the addenda.

**C-2.2(b)(3) - Part III - DATA ANALYSES AND CONCLUSIONS**

1. Analysis of Highest and Best Use. The identified highest and best use shall be the authorized use; a lot suitable for use as a recreation residence lot. No other potential highest and best use shall be considered or discussed in the appraisal report. Most recreation residence lots were authorized prior to all forms of local zoning in their respective market areas. "Grandfathering" requirements recognized by local zoning authorities shall represent the capacity of the lot to meet current State and local government zoning and land use requirements.

2. Value Estimate by the Sales Comparison Approach. Nearby arm's length transactions, comparable to the land under appraisal, reasonably current, are the best evidence of market value. The Federal courts recognize the sales comparison approach as being normally the best evidence of market value.

Analyze the last sale of the subject property, if relevant. If not used, explain why. An unsupported claim that a sale of the subject property was a forced sale, or is not indicative of its current value, is unacceptable. (UASFLA B-5)

When supportable by market evidence, the use of quantified adjustments is preferred. Percentage and dollar adjustments may, and often should, be combined. Resort to qualitative adjustments only when there is inadequate market data to support quantitative adjustments. Factors that cannot be quantified are dealt with in qualitative analysis. When quantitative and qualitative adjustments are both used in the adjustment process, all quantitative adjustments should be made first.

Include a sales adjustment chart summarizing the adjustments and showing the final adjusted sale prices and how the sales compare with the subject property. Utilities, access, or facilities serving a lot that are provided by the agency shall be included as features of the lot being appraised. Utilities, access, or facilities serving a lot that are provided by the cabin owner (recreation residence permit holder) shall not be included as

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a feature of the lot being appraised. Utilities, access, or facilities serving a lot that are provided by a third party shall not be included as a feature of the lot being appraised unless the agency determines that the capital costs have not been or are not being paid by the cabin owner (or a predecessor of the cabin owner).

In a case where any comparable sale includes utilities, access, or facilities that are to be excluded in the appraisal of the subject lot, the price of the comparable sale shall be adjusted, as appropriate.

In selecting comparable sales, the appraiser shall recognize that the typical lot will not usually be equivalent to a legally subdivided lot. The appraiser shall not select sales of comparable land that are within developed urban areas and should not, in most circumstances, select a sale of comparable land that includes land that is encumbered by a conservation or recreational easement that is held by a government or institution, except land that is limited to use as a site for one home.

The Contractor shall use the following adjustment process outlined in Section 606(b)(4)(C) of CUFFA:

The appraiser shall consider, and adjust as appropriate, the price comparable sales for typical lot value differences which include, but are not limited to:

- a. Differences in the locations of the parcels.
- b. Accessibility. Include limitations on access attributable to weather, the conditions of roads and trails, restrictions imposed by the agency, or other factors.
- c. The presence of marketable timber.
- d. Limitations on, or the absence of, services. Consider the availability of law enforcement, fire control, road maintenance, or snow plowing.
- e. The condition and regulatory compliance of any site improvements.
- f. Any other typical value influences described in standard appraisal literature.

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The documentation of each comparable sale shall include:

- a. Parties to the transaction.
- b. Date of transaction.
- c. Confirmation of the transaction. Confirm the transaction with the buyer, seller, broker, or other person having knowledge of the price, terms, and conditions of sale (all transactions must be verified with a party to the sale)
- d. Market exposure.
- e. Buyer motivation.
- f. Location.
- g. Size.
- h. Legal description.
- i. Property rights conveyed.
- j. Consideration.
- k. Financing terms.
- l. Sale conditions. Conditions such as arm's length or distressed sale.
- m. Improvements. Include the condition and regulatory compliance of all improvements.
- n. Physical description. Consider accessibility, including limitations on access attributable to weather, road or trail condition, and restrictions on use; topography; vegetative cover and the presence of marketable timber; water influence; and other characteristics.
- o. Limitation on, or the absence of, services. Consider the availability of law enforcement, fire control, road maintenance, or snow plowing
- p. Non-realty items.
- q. Economic characteristics.
- r. Zoning. Include any setback requirements
- s. Subdivision covenants.
- t. Current use.
- u. Intended use.
- v. Photographs.

Include a list of the sales considered, but not actually used, in the addenda. Cite pertinent facts such as date, size, buyer and seller, price, terms, location, and explain why each sale was not used.

The appraiser shall adhere to UASFLA direction pertaining to comparable sales requiring extraordinary verification and weighting considerations. These include sales to governmental agencies, sales to environmental organizations, sales to parties desiring to exchange the land to the government, distressed sales, and other atypical or non-arm's length sales. (UASFLA Sections B-4, D-9).

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The appraiser must interpret the foregoing data, analyses, and estimates and state the reasons why the conclusion is the best indication of the market value for the typical lot. The indications given by the various sales cited and compared shall be analyzed individually to reach the final opinion of value showing which sale or sales were considered most comparable and provided the most reliable estimate of value for the typical lot.

**C-2.2(b)(4) - Part IV - EXHIBITS AND ADDENDA**

Include the following items as applicable to the appraisal problem if not included in the body of the report:

1. Maps. Maps shall clearly identify the properties and be of sufficient quality to enable the reviewer to locate the properties on the ground. Maps shall be dated, include a legend, scale, and north arrow. The original copy of the report **MUST** contain original maps or vivid color copies.

a. Area Map. Small scale map showing the general location of the subject market area.

b. Market Area Map. This map shall show the appraised property and its immediate market area.

c. Tract Map or Plat. This shall be a large-scale (2-inch/mile) USGS or similar quality map that clearly shows the appraised property and pertinent physical features such as roads, streams, and improvements.

d. Recreation Residence Tract Plat. This map will be furnished by the Forest Service, if available. The map generally depicts tract groupings and typical lot or lots within a grouping.

e. Comparable Sales Location Map. This map shall show the location of the appraised property and the sales. Delineate the boundaries of the appraised properties and comparable sales when the map is of sufficient scale to be meaningful. If all pertinent comparable sales cannot be shown on the same map as the appraised property, a smaller-scale map (such as a state road map) may be included in addition to the larger scale map.

2. Sale Transaction Forms. Include a completed form showing all information for each comparable transaction used in the appraisal. Include a plat (if available), a USGS topographic map (if appropriate), and color photo(s) of each sale. The transaction number must match the number of the transaction listed in the report.

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3. Legal Description. Include a full legal description of the property appraised if not shown in the narrative section of the report.

4. Title Information. Include a copy of the statement of interest (status report) for the Federal land, if provided.

5. Photographs. Provide quality color photographs of the appraised property and all comparables in the original and all copies of the final report. Photographs may be a separate exhibit in the addenda or included with the narrative description of the appraised property and comparable sales. Show the following information with each photograph:

a. Identify the photographed scene. Indicate direction of view, vantage point, and other pertinent information. A map may be used to show some of this information.

b. The name of the photographer.

c. The date the photograph was taken.

6. A copy of the recreation residence permit for each typical lot. Include a copy of each permit in the appraisal report. In the case of multiple permits, the face page only may be included so long as at least one set of standard clauses is included.

7. A record of communications with the Forest Service and with cabin owners. Meeting notices, receipt of meeting notification, record of attendance at meetings with the appraiser, notes regarding participation by cabin owners at lot inspections, and other correspondence from/to cabin owners or the Forest Service must be included.

8. References. List sources of data, including documents and individuals.

9. Qualifications of the appraiser. Include the qualifications of all appraisers or technicians who made significant contributions to the completion of the appraisal assignment. The appraiser(s) must provide evidence of compliance with the certification requirements of the state(s) where the properties are located.

10. Assignment Agreement. Include a copy of the Assignment Agreement provided by the Forest Service and executed by the appraiser. (ex. 04)

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**SECTION E - INSPECTION AND ACCEPTANCE**

E-1. Agriculture Acquisition Regulation (48 CFR Chapter 1), Clause 52.246-4, Inspection of Services - Fixed Price (Apr. 1984) (FSH 6309.32-AGAR 52.246-4) shall be the basis of inspection and acceptance.

**SECTION F - DELIVERIES OR PERFORMANCE**

F-1. Time for Contract Performance.

The Contractor shall submit to the assigned Forest Service staff review appraiser, \_\_\_ original and \_\_\_ copy(ies) of the original appraisal report for approval within \_\_\_ days of the Notice to Proceed. The review appraiser will then review the final appraisal report for acceptance or to recommend revisions to the appraisal report. If revisions are necessary, the revised report shall be submitted within \_\_\_ days of notification.

F-2. Contract time will proceed according to the following phases. Upon the completion of one phase remaining contract time shall not be carried forward.

PHASE 1 - \_\_\_ Calendar days - The Contractor shall submit to the Government copy(ies) of the appraisal report. The appraisal report shall be submitted to the Contracting Officer (CO) within 30 calendar days after the date of value, unless otherwise specified in writing by the CO or Contracting Officer's Representative (COR), who is usually the assigned Forest Service review appraiser.

PHASE 2 - \_\_\_ Calendar days - The Government shall review the original appraisal report for acceptance.

PHASE 3 - \_\_\_ Calendar days - The Contractor shall correct any deficiencies, (if any) and submit the revised appraisal report to the Government.

PHASE 4 - \_\_\_ Calendar days - The Government shall review the revised appraisal report for acceptance.

F-3. Pre-work Conference. A pre-work meeting between the assigned Forest Service review appraiser and the Contractor is required, preferably during the lot examination with the permit holder present.

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**SECTION G - CONTRACT ADMINISTRATION DATA**

G-1. Method of Measurement. The unit of measurement is designated in the Schedule of Items, Section B of the Contract.

G-2. Measurement shall be made for each item or unit of work as shown in the Schedule of Items, completed as described in the Specifications and Supplements thereto.

G-3. Payment for contract work shall be made only for items listed in the Schedule of Items. All other work shall be considered incidental and included in the payment of the items listed in the Schedule of Items.

G-4. Payment shall be made upon receipt and approval of the final appraisal report. Typically, no progress payments shall be made. However, partial payments in an amount not less than 50 percent of the total price may be authorized if the technical review period shall be extensive due to the complexity of the appraisal problem.

G-5. Payment for updating shall be at a fixed fee that may be agreed upon at the time the updating is requested.

G-6. Payment for testimony shall be at a fixed fee to be negotiated at the time the testimony is requested. Travel expenses shall be paid at a rate not to exceed Federal Government travel allowances.

G-7. At the Contractor's request, the COR and the Contractor shall jointly prepare Form 6300-30, Contract Payment Estimate and Invoice, for the signature of the Contracting Officer for payment. It is not necessary for the Contractor to submit any other Invoice or Statement.

G-8. Basis of Payment. The accepted quantities shall be paid for at the contract unit price for the items shown in the Schedule of Items.

G-9. All submitted appraisal reports become the property of the United States and may be used for any legal and proper purpose.

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**SECTION I - CONTRACT CLAUSES**

The Government shall furnish the following at the Supervisor's Office in (city), (state), at the Contractor's request after the award:

- I-1. Use of aerial photographs of the appraised property and of such other aerial photographs as is available. (To be returned to the COR upon completion of the appraisal, if not included as an exhibit to the report).
- I-2. Copies of pertinent Forest Service administrative maps as available for use in the appraisal report.
- I-3. Current Forest Service Land Status Reports covering the Federal lands, if not previously furnished.
- I-4. Copies of pertinent documents relevant to the assignment from the special-use folder not previously provided.

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**66 - Exhibit 04**

**ASSIGNMENT AGREEMENT FOR THE APPRAISAL OF  
RECREATION RESIDENCE LOTS**

**Typical Lot \_\_**  
**(Name) Summer Home Group or Tract**

I, (Name of contract appraiser), of (Address), have received a written copy of the recreation residence lot appraisal instructions for the (Name) National Forest. These instructions were prepared by assigned Forest Service staff review appraiser (Name and accreditation). My work in compliance with those instructions will be reviewed by her/him for compliance with the appraisal standards cited below. She/he will apply the same review requirements to my appraisal that were applied to the original appraisal of the typical lot. (Last sentence applicable only with second appraisals.)

I agree to abide by the written instructions, including the format in which my appraisal must be documented.

I understand that the date of value for this assignment is (Date).

I understand the full, complete, and accurate definition of the appraisal problem.

I shall abide by the *Uniform Standards of Professional Appraisal Practice*, the *Uniform Appraisal Standards for Federal Land Acquisitions*, the applicable sections of the *Cabin User Fee Fairness Act of 2000*, the laws of the State of (State where typical lot is located), under which I am certified as a general appraiser, and the code of professional ethics and standards of professional practice of those appraisal organizations to which I belong.

I accept the requirements of this appraisal assignment that are imposed by Federal statutes and regulations, Forest Service policies and procedures, and instructions unique to this assignment.

\_\_\_\_\_  
(Signature of Contractor)

\_\_\_\_\_  
(date)

(typed name and accreditation of Contractor)  
(State appraiser certification information)