

# GUIDE TO APPRAISING REAL PROPERTY



**CHAPTER 4**  
**Oregon Department of Transportation**  
**RIGHT OF WAY MANUAL**

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The objective of this guide is to assist you, its user, in preparing complete and adequately supported appraisal reports that conform to Oregon Department of Transportation Right of Way appraisal standards. This guide is written for both the appraiser new to Oregon Department of Transportation requirements and to the appraiser familiar with valuing partial acquisitions. The format is meant to be a tutorial and a reference to the completion of the report forms developed by the Right of Way Section of Oregon Department of Transportation.

The State insists upon the highest quality of appraisal products to assure that the citizenry of Oregon and the individuals from whom we acquire property are treated in a fair and honest manner. Key to the appraisal process is to properly understand the scope of the appraisal assignment and utilizing the proper report form for communicating the appraisal result.

This guide is constructed upon the various appraisal reports required by the State. Each report uses specific paragraphs geared to the type of property being appraised. These reports are described in Section One. Reports 1 through 6 are not considered to be appraisal reports and will be discussed briefly in Section 2 of this Guide.

The first step in using this guide is to determine the type of property being appraised and the appropriate report form needed as indicated in Section One. These forms are available to consultant appraisers on the Right of Way internet website:

<http://www.oregon.gov/ODOT/HWY/ROW/publications.shtml>

Oregon Department of Transportation Right of Way staff may access the forms either through the website or by going to the Right of Way Share directory on the “M” drive: (M:\Appraisal Forms).

Reports 7 through 14 include the most commonly used appraisal formats: Before and After; Taking and Damages; and Entire Take. These forms are constructed from 65 standard sections or paragraphs. The needed report form determines the paragraphs to be included. In other words the report form contains only those paragraphs pertinent to that type of appraisal and property. Section Two of this Guide is keyed directly to the paragraphs needed in reports 7 through 14 and is to be used in conjunction with these reports.

Reports 15 through 18 are special reports and are covered under Section Three.

Reports 19 and 20 are used for Property Management appraisals in the valuation of surplus property to be sold by Oregon Department of Transportation. Directions for their use are found in Section Four of this Guide.

The second step in using this guide is to use Section Two, Section Three or Section Four to assist in completing the appropriate appraisal format you are using. As you prepare your appraisal keep this guide open to the same paragraph you are working on. Include the information requested or shown in this Guide. Do this paragraph for paragraph as you write your report and the result should be at least twofold:

- a) Your appraisal will be easier to write, and
- b) Your appraisal will be completed thoroughly, accurately and in compliance with Oregon Department of Transportation specifications and requirements.

Consistent application of the techniques and tools of the appraisal profession coupled with the information and guidelines supplied in this Guide and elaborated on in Chapter 4 of the Oregon Department of Transportation Right of Way Manual should lead you to a fair and supportable opinion of value.

The information contained in this Guide presents the level of documentation required by the Right of Way Section of the Oregon State Department of Transportation. The standard report forms will meet any normal circumstance and should be used when appraising for Oregon Department of Transportation; however, if another pre-approved format is chosen, the appraiser should recognize that the report must be fully documented in conformance with the requirements contained in the Right of Way Manual (Chapter Four) and this Guide.

The appraisal report will be complete when the additional pages indicated under Section Five are attached to the report. Each appraisal is unique; therefore, the Appraisal Specification form is used to designate the type of report (Entire take, Before & After, Taking & Damages, etc.) and the limits to the assignment. The standard assignment will require that the appraisal be submitted in triplicate.

This Guide also contains the process and procedure to complete a Fixture and Equipment Report in Section Six. The assignment to the real property appraiser may include the entire fixture and equipment report, or some parts may be completed by others. A Specialty Report Specifications sheet, spelling out the parts to be completed, will be included with the Appraisal Specification sheet if the real property appraiser is to complete any part of the Fixture and Equipment Report.

## **APPRAISAL**

### **4.100 INTRODUCTION**

The Fifth Amendment of the Constitution of the United States guarantees that no person shall be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation. Article I of the Oregon Constitution's Bill of Rights gives a similar guarantee.

Title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 expands upon the basic rights of property owners, requiring a public agency to appraise real property prior to its acquisition as a basis for determining just compensation.

The Uniform Act, as amended, along with current federal regulations provides a framework under which the appraisal process is to be conducted. It is the objective of the Right of Way Section to comply with all applicable laws and regulations in the appraising of real property for acquisition.

### **4.120 POLICIES**

#### **4.125 Compliance with Federal Regulations**

To the greatest extent practicable under state law, appraisal policy and procedures set forth in this chapter are intended to comply with 49 CFR Part 24 and 23 CFR Part 710.

#### **4.126 Compliance with Oregon Department of Transportation - Highway Division Appraisal Guide**

All appraisals must meet the criteria and standards as set forth in the Guide to Appraising Real Property. This manual is for use in Oregon Department of Transportation projects and for projects sponsored by Local Public Agencies.

#### **4.127 Conflict of Interest**

The appraiser of a parcel with a value of over \$2,500 or more may not be assigned to acquire that property. Additional comments regarding conflict of interest may be seen in sections 2.120(9) and 5.145.

#### **4.130 Necessity of Appraisal**

Real Property shall be appraised before the initiation of negotiations with an owner. Two exceptions are those

instances when (a) the appraisal requirement has been waived by the property owner through the donation process or (b) the agency determines that an appraisal is unnecessary because the appraisal problem is uncomplicated and the fair market value is estimated to be \$20,000 or less. These exceptions are pursuant to 49 CFR 24.102(c).

#### **4.135 Valuation Basis**

Acquired property rights will be appraised at fair market value. Appraisals shall contain sufficient data and analysis to explain, substantiate, and thereby document the conclusions of the report. Easements and encumbrances affecting the use and development of the property being appraised will be considered. The property will be appraised as though free and clear of all liens, bond assessments and indebtedness. The property will be appraised to its highest and best use.

The appraiser shall disregard any increase or decrease in the fair market value of real property, which is caused by the public improvement for which such property is to be acquired, or by the likelihood that the property would be acquired for such improvement. Value diminution due to physical deterioration within the reasonable control of the owner must be considered in determining the compensation for the property.

#### **4.140 Opportunity to Accompany**

The appraiser shall provide to the owner a written notice of not less than 15 days of a pending inspection of the property for appraisal purposes. The notice will include an invitation for the owner, or the owner's representative, to accompany the appraiser during the inspection. The owner may elect to waive the inspection or the date of the inspection. The appraiser shall document the written notice and the property owner's response.

#### **4.145 Just Compensation and Minimum Payment**

The head of the agency shall establish an amount which it believes to be just compensation for the acquisition of real property before the initiation of negotiations with an owner. Just compensation is typically based on the fair market value of the acquisition. Added to the market value is the amount of severance damages, if any, which can be offset by the amount of any special benefits.



The minimum compensation payment is set at \$350. Where the market value of the taking is less than \$350, just compensation will be set at the minimum payment amount by the Appraisal Reviewer or, in the case of an Administrative Determination of Just Compensation, by the Region Right of Way Manager or designee giving approval.

#### **4.150 Relocation Compensation**

Appraisers shall not give consideration to, nor include in their appraisals, any allowance for relocation assistance benefits.

#### **4.155 Damages and Special Benefits**

When only a part of a property is to be acquired, just compensation will be based on the value of the part to be acquired and consideration of damages and special benefits to the remainder.

#### **4.160 Fixtures, Equipment and Signs**

When fixtures, equipment, and signs are situated in the acquisition area or affected by the acquisition, a determination will be made whether the items are personalty, realty, or appurtenances. Those items which are realty or appurtenances will be valued in the appraisal report. Separate specialty appraisals will be prepared for fixtures, equipment, and signs, when appropriate. (See 4.610) Those items which are personalty will be identified and listed in the appraisal report. This listing will be utilized to distinguish which items would be treated as personal property from those that would be considered real property.

#### **4.170 Appraiser Qualifications**

The Section requires that fee appraisers have the following minimum qualifications:

1. A college degree in business administration, engineering, agriculture, education, or a related field; or
2. Five years of active experience leading to a basic knowledge of real property valuation; or
3. Any five year combination of such experience and college study; and
4. Two years experience in real estate property appraisal; and
5. Be a state licensed or certified appraiser.

Staff appraisers must meet the first three criteria. Staff appraisers should be given assignments corresponding to their abilities and experience, and be given opportunities for formal as well as on-the-job training to develop their appraisal skills.

#### **4.175 Use of Staff and Fee Appraisers**

Staff appraisers shall be assigned as much of the Region's appraisal work as practicable. Fee appraisers may be employed as the workload requires.

#### **4.180 Review**

A qualified Review Appraiser shall review all appraisals to assure that the appraisals meet applicable standards and to establish just compensation to be offered an owner for the acquisition of real property. (See also 4.315)

#### **4.185 Confidentiality of Appraisal Reports and Information**

Oregon Public Records law states that every person has a right to inspect any record of a state agency unless the record is excluded from disclosure by ORS 192.501 to 192.505. NOTE: Except as provided in ORS 35.346, appraisal reports and related information are subject to litigation and all files on a R/W project are considered confidential until any and all litigation on the project is settled.

### **4.200 RESPONSIBILITIES**

#### **4.210 RIGHT OF WAY PROJECT ADMINISTRATION MANAGER**

The Right of Way Manager appoints the Project Administration Unit Manager. It is the responsibility of the Project Administration Manager to:

1. Assist the Administration in any matters relating to appraisals.
2. Prepares and distribute policy and procedural instructions, forms, and other materials necessary to ensure appraisals of professional quality.
3. Coordinate appraisal and appraisal review policy and procedures with applicable state and federal laws to assure payment of just compensation and maximum federal participation in project costs.
4. Have each appraisal reviewed for accuracy, completeness, and adequacy of documentation and to see that deficiencies are corrected.
5. Establish qualifying criteria for fee appraisers and periodically evaluate each appraiser (See Sec. 4.170)
6. Recommend in-service training or other courses in appraisal principles and practices for Region and Section staff to the Right of Way Manager.

#### **4.220 REVIEW APPRAISER**

A Review Appraiser is a Senior Right of Way Agent who works under the supervision of the Project Administration Manager to review appraisals for the Section. The Review Appraiser:

1. Assists region Right of Way personnel and fee appraisers with valuation issues.
2. Shall examine all appraisals to assure that they meet State appraisal requirements and shall, prior to acceptance, seek correction or revision of those which do not.
3. If unable to approve or recommend approval of an appraisal as adequate support for compensation, may develop appraisal documentation in accordance with accepted appraisal standards to support a recommended just compensation if it is determined that it is not practical to obtain additional appraisals.
4. Prepares the Review Appraiser's certification setting forth the recommended just compensation of the property in a signed written statement which identifies the appraisal reports reviewed and explains the basis for such recommendation. Damages or benefits to any remaining property shall also be identified in the statement.
5. Examines all remedies submitted to satisfy the closure of access with an existing permit. This process is based on the provisions of OAR 731-051-0500.

#### **4.230 REGION RIGHT OF WAY MANAGER**

The region Right of Way Manager is responsible for the appraisal of properties in the region. This includes planning, staffing, setting priorities and training of staff in order to carry out an effective appraisal program.

#### **4.240 RIGHT OF WAY PROJECT MANAGER**

The Region Right of Way Manager may designate a Senior Right of Way Agent to serve as Project Manager to assist with the appraisal function. The Project Manager:

1. Views the project area with the project Review Appraiser to identify valuation problems, the number and type of reports needed, and to estimate costs of any needed fee appraisals.
2. Identifies all on-premise signs in acquisition areas and assigns them to an appraiser for valuation.
3. Analyzes each file for prior acquisitions, obligations, or restrictions which should be recognized in the appraisal.

4. Assigns appraisals (See Section 4.560) to region staff whenever possible; but if necessary, obtains fee appraisals, using proper contracting procedures. (See Contracting Chapter).
5. Assists staff appraisers and encourages their development through on-the-job and formal training.
6. Coordinates with the Review Appraiser assigned to the project to complete a classification letter for fixtures and equipment. Once the classification letter is reviewed, the specialty report can be prepared based on the classifications assigned in the letter.
7. Secures specialty reports when appropriate. Provides the specialty reports to the real property appraiser with instructions for proper consideration of contributory value.
8. Utilizes the Appraisal Review Check List to ascertain that the appraisal follows the acceptable standards. Forwards completed appraisals to the Appraisal Unit for review. Enters appraisal information into RAIN.
9. Reviews appraisals as directed by the Region Right of Way Manager when authorized to do so by the Project Administration Manager, or as allowed for Minimum Payment Appraisals (See Sec. 4.525)
10. Is responsible at the initiation of the appraisal phase for the delivery to property owners and affected tenants of the General Information Notice (See Sec. 6.310), acquisition and relocation brochures, and a copy of the right of way map, marked preliminary, showing the property to be acquired. Staff appraisers may be instructed to deliver these notices to the owners and/or occupants of properties they appraise. When the owner or occupant is unavailable or a fee appraiser has been contracted to appraise a property, the Project Manager shall mail the required notice packet. If the occupant will be displaced, the packet must be mailed by CERTIFIED mail.

The Project Manager shall be aware of the individual needs of the different groups of people - minority and non-minority - and use methods which will ensure that highway program services, benefits, and opportunities are provided equally to persons affected by the programs.

#### **4.250 APPRAISER**

The appraiser is responsible for arriving at a documented opinion of fair market value for the property. To do so, the appraiser:

1. Checks assessor's records for property information, including assessed valuation and the previous five-year sales history.
2. Contacts property owners or their designated representative to offer the opportunity to accompany the appraiser on property inspections. Refer to Section 4.140 for procedure. Staff appraisers advise them of the proposed project. The appraiser should contact affected occupants also, if appropriate.
3. Asks owners and tenants to identify tenant or third party-owned improvements for which values must be segregated. A list of the improvements should be presented to owner and tenants for their signatures to identify which party owns the various improvements and equipment.
4. Inspects properties in the field, noting the area, rights, or interests to be acquired and the probable effects on any remainder property.
5. Researches area for market data of comparable properties and verifies the information.
6. Estimates fair market value through appropriate valuation approaches on the proper forms and in the required format, including separate valuation for tenant or third-party-owned improvements.
7. Retains adequate information and material to prepare any required revisions or to assist in pre-trial conferences or for court testimony.
8. Completes all appraisals in accordance with instructions in the "Guide to Appraising Real Property."

The appraisal responsibilities and procedures as detailed in this chapter extend to ODOT Staff appraisers as well as to fee appraisers doing work for under contract for federal or state funded projects.

## **4.300 PROCEDURES**

### **4.305 Appraisal Background**

The appraisal of real property to be acquired for public projects presents unique appraisal problems not found in standard real property appraisal situations. This can be attributed to a variety of appraisal concepts, which are largely determined by law. The Section's appraisals must meet stringent standards of thoroughness, accuracy, and appropriate methodology in order to withstand the rigors of potential condemnation proceedings and to assure the rights of the property owner.

### **4.310 Just Compensation**

Since just compensation must be paid for private property taken for a public purpose, the State obtains one or more appraisals of the property being acquired and establishes an estimate of just compensation to be offered to the property owner.

When an entire property is being acquired, the estimate of just compensation is the same as the approved estimate of fair market value developed in the appraisal process. When only a portion of a larger parcel is being acquired, the estimate of just compensation is the market value of the land and improvements acquired plus damages offset by special benefits to the portion of the larger parcel remaining from the acquisition of the right of way.

### **4.315 Fair Market Value**

All appraisals shall be made on the basis of fair market value. For the purpose of real property acquisition by the State, fair market value is defined as the amount of money, in cash, that property would bring if offered for sale by one who desired but was not obliged to sell, and was bought by one willing but not obliged to buy. It is the actual value of the property on the date of the taking, with all its adaptations to general and special uses, that is to be considered.

However, nothing shall be allowed for prospective value, speculative value or possible value based upon future expenditures and improvements". Refer, also, to Highway Comm. v. Superbilt Mfg. Co. (1955) 204 OR 393,412, 281 P2d 707.

It is important to maintain a clear distinction between fair market value and "just compensation." The appraisal or Administrative Waiver Valuation always estimates fair market value. Just compensation is established for the agency by the Appraisal Reviewer on all appraisals and by the Region Right of Way Manager (or other authorized Right of Way staff) on Appraisal Waiver Valuations. In some instances fair market value and just compensation may not be the same (see 4.145).

### **4.320 Larger Parcel**

Essential to the field of eminent domain appraising is the concept of the larger parcel. The larger parcel impacted by a right of way acquisition may be the entire property under appraisal, may only be a portion of the property, or may be several related parcels.

The larger parcel is that property under appraisal containing the following elements:

1. Unity of title. In order for one or more tracts of land to be considered to be part of the same larger parcel they must enjoy the same quality of ownership. The fact that owners have an interest in the parcel, a part of which is not taken, is not sufficient unity of ownership to support a claim for damages to that parcel. This is an issue which may require a legal determination.
2. Contiguity. For a remainder area to be considered part of the larger parcel it generally must be physically contiguous with the acquisition area. However, exceptions may be made, depending upon the nature of the operation being performed on the non-contiguous sites.
3. Unity of use. For a remainder area to be considered part of the larger parcel it must be in the same use or an integrated use with the acquisition area. This is an appraisal question and requires a determination by the appraiser.

#### **4.325 Highest and Best Use Considerations**

An appraiser must appraise property to its highest and best use. Highest and best use is that reasonable and probable use of the property as of the date of valuation, which is most likely to produce the greatest net return to the land and improvements. Elements to be considered in determining the highest and best use include, among others: comprehensive plan, zoning and building restrictions, size of the land and its suitability for development, supply and demand, and neighborhood trends.

For partial acquisitions the appraiser needs to consider highest and best use twice, once as the property exists before the acquisition and once as the property would exist after the acquisition. A change in the highest and best use of the remainder area due to the acquisition might result in a finding of damages or benefits to the remainder area; or, a material change in the intensity of use within a highest and best use could also be the basis for finding damages or benefits, such as the remainder area changing from a balanced economic farm unit to an unbalanced unit.

It is important in the highest and best use consideration not to value the land for one use and the improvements for another use and combine the two elements into a value for the entire property. This violates the consistent use theory. Improvements are to be valued to the extent they contribute to the highest and best use of the property or for their value for removal, whichever is greater

#### **4.326 Consistent use**

An appraiser must follow consistent use theory in the highest and best use analysis and subsequent property valuation. Consistent use theory states that land cannot be valued on one highest and best use while the improvements are valued based on another highest and best use. As an example, if a residence is located in a commercial area, the property cannot be appraised based on a residential use for the improvements plus commercial use for the underlying land. The value must be based upon its highest and best use – either as a residence with commercial potential based on sales of similar properties with similar potential, or as a commercial site giving little to no value to the improvements. Improvements are to be valued to the extent they contribute to the highest and best use of the property or for their value for removal, whichever is greater. There may in fact be a deduction in value because of the required demolition costs of the house which might have to be removed in order to develop the commercial site.

#### **4.327 Interim Use**

A building or other improvement may have an interim, or temporary, use when the property's transition to its highest and best use is deferred. Using the example from 4.326, the present market may not be suitable for immediate development of the property to its commercial highest and best use. The appraiser may find that the residence is suitable for deriving a short term rental income that can act to offset taxes and other holding costs that may occur while the optimal time for commercial re-development approaches. Interim uses are by their nature short term. A long term interim use exceeding five years raises a serious question as to whether the appraiser's highest and best use conclusion is remote and speculative.

The best method for determining whether the interim residence actually contributes to the value of the property as a whole is to analyze comparable sales of properties in the same economic position. If adequate comparable sales are not available, the appraiser may utilize an appropriate method to find a present value for a temporary income stream from the residential use. This income stream must be market based. The resulting present value can be added to the commercial land value only if the land value recognizes the delay in development to a commercial site. It would be a violation of consistent use theory to simply add the present value of the temporary residential use to a commercial land value reflective of immediate development to its highest and best commercial use.

#### **4.330 Entire Acquisitions**

Entire acquisitions involve a straightforward appraisal approach utilizing sales comparison, cost, and income approaches, as appropriate for the type of property being considered.

#### **4.335 Partial Acquisitions**

Because partial acquisitions involve the acquisition of only a portion of a larger tract, leaving a remainder, the estimate of market value is generally a more complex assignment than is valuing an entire acquisition. The standard procedure for partial acquisitions is to appraise on a before-and-after basis. After the land and improvements within the acquisition area have been valued, the appraiser must determine the value of the remainder after the acquisition. To determine the value of the remainder, the appraiser shall:

1. Assume the project has been completed according to plan.
2. Recognize the highest and best use for the remaining property.
3. Show by sales data or other applicable techniques, the market value of the remaining property based upon its highest and best use.

To assist the appraiser in valuing the remainder land the Project Manager should maintain a current listing of sales involving properties from which a right of way acquisition has been made in order to measure, by market data, the value of remainder properties.

#### **4.340 Before and After Appraisals**

A partial acquisition which is complex or involves a substantial portion of the larger parcel requires the appraiser to first value the entire larger parcel as it exists prior to the acquisition. Then, the value of the part to be acquired, as a part of the larger parcel, is calculated. The next step is to appraise the remainder property as it will be after the project is completed. Any difference between the value of the entire property, less the value of the acquisition, and the value of the remainder after the taking, indicates the project has caused damages or benefits to the remainder. The value of the part acquired, as a part of the larger parcel, plus damages offset by special benefits, if any, would be the appraiser's estimate of market value.

A chart outlining the steps in the Before and After appraisal can be found in Exhibit B at the end of this chapter. Refer to the "Guide to Appraising Real Property" published by the Right of Way Section for

detailed information on the individual components of the Before and After Appraisal form.

#### **4.345 Taking and Damages Appraisals**

When damages are minimal and can be accurately measured in and of themselves (and there are no special benefits) certain right of way acquisitions do not merit the Before and After approach. Instances when the taking and damages format is appropriate include:

- a. When the effect of an acquisition is minimal in comparison with the larger parcel.
- b. The highest and best use of the property will not change.
- c. A Before and After appraisal will not add significant additional clarity to the report.

#### **4.350 Prior Sales of The Subject Property**

Since just compensation is measured in terms of market value, the best evidence of value of the subject property is a recent market sale of the subject itself. The appraiser is to research the sales history of the subject for the previous five years, analyze any sale to determine whether it is relevant to a current indication of value, and report the conclusion of the analysis in the appraisal.

#### **4.355 Approaches to Value**

Standard real estate appraisal practice employs three basic methods of estimating value: the sales comparison, cost, and income approaches. In eminent domain appraising all three approaches are used in estimating fair market value. When adequate market sales data are available to reliably support the market value for the appraisal problem, the sales comparison approach is the only approach that is required. If more than one approach to value is used, the appraiser shall analyze and reconcile the approaches sufficiently to support the opinion of value.

#### **4.360 Sales Comparison Approach**

Comparisons of bona fide comparable sales transactions to the subject property comprise the basis of the sales comparison approach. As the appraiser analyzes sales, each sale needs to be adjusted to the subject, as appropriate, and an indicated value of the subject is developed for each sale. The individual value indications of each sale then must be reconciled to arrive at an estimate of market value for the subject

property. Elements of comparison to be considered are:

1. Highest and best use.
2. Conditions of sale. Extenuating circumstances of the sale need to be considered. Such things as length of time on the market, special financing and buyer's and seller's motives are examples of conditions to address in the analysis.
3. Time interval between sale date and date of valuation. This comparison can show a decrease in value as well as an increase or no change at all.
4. Location. This is one of the most important factors and must be judged carefully. The appraiser will want to examine the sales while observing such things as pride/appearance in the neighborhood, price range of properties near the sale property, proximity of services, etc.
5. Physical characteristics. The physical differences between the subject and comparable sales must be recognized and adjustments made to reflect those differences.
6. Fixtures. As identified and discussed in 4.395, items identified as fixtures are considered part of the real property and are to be included in the valuation of the real property based upon their contributory value. Comparable sales must either contain equivalent fixtures that offer the same contributory value or adjustments must be made to reflect the differences with the subject regarding the presence or absence of fixtures. In appraisals of improved commercial and industrial property, and residential property when indicated, fixtures are to be identified for the subject property and, on the sales sheets, for each comparable sale. (see also 4.160 and 4.610)
7. Economic similarities and dissimilarities. The appraiser must verify sale prices, the terms and conditions of the sale, and determine whether it is representative of the market. Verification of sales data shall be done with the buyer, seller or the real estate broker or salesperson actually involved in the transaction and in that order of preference. In selecting comparable sales to be used in valuing the subject, greatest emphasis should be given to those sales which are similar in as many features

as possible. The basis for and magnitude of the adjustment for each element of comparison must be stated separately and supported, when necessary, rather than reciting all the elements of comparison and stating a cumulative adjustment. The sales must be sufficiently described to allow the person reading the report to understand the conclusions drawn by the appraiser. Distress sales, sales to a condemning agency, forced sales, sales including property exchanges, sheriff sales, foreclosure sales, sales between family members, offers to buy or sell, and sales involving unreasonable financing terms are often unreliable indicators of market value and should not be used for comparative purposes. However, these transactions may be used as secondary support for the bona fide market indicators.

#### **4.365 Cost Approach**

The cost approach is probably the least reliable of the three approaches and has limited applicability in appraising properties for eminent domain purposes. It could be used in cases where market data is not available or for "special use" properties. In this approach, the fair market value of the land is added to the depreciated replacement or reproduction cost of the improvements to arrive at a value for the entire property. It is mandatory to account for all forms of depreciation - physical deterioration, economic obsolescence and functional obsolescence.

The use of cost services must be done with care. The appraiser should show each step taken in using the service. The section, page, date of the page and calculations should be included in the report. The appraiser may also use information in the cost service books to estimate accrued depreciation; however, the appraiser must pay attention to the possibility of abnormal functional obsolescence or some degree of economic obsolescence because the tables in the cost service books reflect only normal physical deterioration and functional obsolescence. Thus, it is best to estimate depreciation from available market evidence.

#### **4.370 Income Approach**

The income approach should be used to value properties which exchange in the real estate market for investment purposes. The basis for the analysis is the potential income the property may produce, not the income produced by the business.

1. There are basic elements, which must be considered to perform the income approach analysis. They include:

2. Gross Income Estimate - Actual income to the property should be estimated from comparable gross rental data found in the market for comparable income-producing properties (market rent).
3. Vacancy and Collection Losses - This should be based on verified data of comparable rental properties.
4. Fixed and Operating Expenses - Actual expenses should be verified with the property owner and may be relied upon if supported by comparable expense data from similar income properties. The appraiser must include documentation for the amounts for fixed and operating expenses, reserve for replacements, management costs and other appropriate deductions to be applied.
5. Interest and Capitalization Rate - The interest rate must be clearly supported by an analysis of similar sales to determine the interest rate demanded in the open market. Further, it is imperative the rate used in the income approach be current. In order to establish the capitalization rate, the appraiser must determine the remaining economic life of the improvements. The remaining economic life should be based on a reasoned explanation of the appraiser's thought process leading to the conclusion.

#### **4.380 Land Valuation**

In eminent domain appraising the land value of the larger parcel is valued to its highest and best use as if vacant and ready for development. The appraiser must determine the appropriate unit of comparison and apply the market data approach to obtain the land value.

#### **4.385 Irrigated Lands**

The Project Manager or the appraiser must investigate to determine whether a private water right is involved, and if so, the State Engineer Permit number needs to be obtained; or, if an irrigation district is involved, the bonded indebtedness per acre of the district needs to be obtained. The appraiser must consider these findings in the selection and analysis of sales to be considered in the sales comparison approach.

When irrigated land is being appraised, the Project Manager should determine whether the property owner has other lands to which the irrigation rights can be transferred. If there are no other lands available, the Project Manager should direct the appraiser to value the property as irrigated land.

In the case where the property owner has remaining lands to which the irrigation rights may be transferred, the Project Manager shall instruct the appraiser to value the land to be acquired as both irrigated and non-irrigated. The appraiser must address, also, the costs to transfer the rights to other lands and any costs involved to physically divert or provide the water to those lands. The costs to transfer the water rights and divert the water must be less than the value of the water rights plus any damages to the remainder property. The actual compensation will depend on whether the water rights will be transferred or the State will acquire the rights.

#### **4.390 Improvement Valuation**

When acquiring any interest in real property, the State shall offer to acquire at least an equal interest (contributory value) in all buildings, structures, or other improvements located upon the real property to be acquired. In the case of a partial acquisition, this means any improvement, which may be adversely affected by the use to which the acquired property will be put. This shall include any improvement of a tenant-owner who has the right or obligation to remove the improvement at the expiration of the lease term.

Just compensation for a tenant-owned improvement is the amount to which the improvement contributes to the fair market value of the whole property or its salvage value, whichever is greater.

Salvage value is defined as the probable sale price of an item that will be sold and removed from subject property at the buyer's expense. This includes allowing reasonable time to find a buyer knowledgeable of the uses of the item, uses of the serviceable components and any scrap value.

#### **4.395 Fixtures**

Fixtures are personal property which has been attached to the land or structure thereon in such a manner that they may be considered realty. The application of the following three tests determines whether an item is a fixture:

1. Intention.  
This test considers evidence of a party's intention in bringing an item onto real property. If the intention at that time was to make the item a permanent part of the realty and this is supported by evidence of some degree of adaptation or annexation, then the item is considered a fixture. The intent which is considered by this test is that which is readily perceived or

inferred, not any uncommunicated or hidden intention.

2. Adaptation.

The test for adaptation focuses on whether an item is adapted to and necessary for the primary use of the realty. The elements generally considered in evaluating the adaptation of an item to the use of the realty consist of the following:

- a. Consequential loss of value of an item if removed.
- b. Need for the item in order to accomplish the purpose to which the realty is devoted.
- c. Permanency of dedication of the item to the use of the real property.

3. Annexation.

This test is concerned with the permanency and firmness of an item's physical attachment to the real property. In order to be considered a fixture due to annexation alone, the item must be so firmly annexed that it could not be removed without substantial injury to itself or the realty. However, a lesser degree of attachment, or a complete lack of attachment does not necessarily preclude an item from being considered a fixture. In those cases the tests of adaptation and intention must be applied to determine whether an item is a fixture.

Tenant-owned improvements concluded to be fixtures are treated as realty and must be appraised for purchase, even though the landlord-tenant agreement may require their removal at its expiration.

Personal property not concluded to be a fixture remains personal property and is not to be considered in the appraisal.

#### 4.400 Fencing and Fencing Allowances

Like any other improvement, fencing situated within the acquisition area is to be valued on the basis of its contributory value to the highest and best use of the land, recognizing functional utility, depreciation, and possible interim value.

However, on property containing livestock it is important that the remainder area have the fencing restored to prevent the animals from entering the operating right of way. To do this the appraiser needs to determine a reasonable amount of money to provide to the owner so that the owner or a fencing contractor can install the new fencing prior to the removal of the fencing affected by the project.

In deriving a fencing allowance, the appraiser needs to discuss fencing needs with the property owner and prepare a fencing specification sheet detailing the type, amount and quality of fencing required to enclose the remainder, and a time frame for completion of the work. The specifications should include the type and gauge of the wire, the type and spacing of posts to be used and the type and number of gates to be included. The appraiser needs to then secure one or more bids from qualified fencing contractors based on the fencing specification sheet and incorporate the bid into the appraisal as the allowance for fencing.

#### 4.405 Signs Outdoor Advertising and Others

Except for off-premise signs, including outdoor advertising signs (See glossary for definition), signs situated on property to be acquired need to be appraised either by the realty appraiser or by a specialty appraiser, depending on the complexity of the assignment. For a discussion of the sign appraisal format see Sec. 4.615. The value of a sign is to be incorporated by the realty appraiser into the real estate appraisal to the extent of its contributory value to the real estate.

Off-premise advertising signs, including all of their component parts, are to be treated as personal property and moved under relocation procedures. See Sec. 6.860-6.875 for relocation benefits for outdoor advertising sign.

#### 4.410 Trees and Crops

Trees growing within the acquisition area are part of the realty and need to be appraised for their contributory value to the land and should not be considered separately from the land itself. Trees growing within the existing right of way adjacent to the proposed right of way cannot be considered in determining compensation.

An appraisal involving growing crops shall be performed on the basis of the land value including the crops. If the acquisition occurs after harvesting, the appraisal must be adjusted to the current value of the land, excluding any crop value previously assigned.

Timberlands being appraised generally require a specialty report. (See Sec. 4.620).

#### 4.415 Domestic Water Supplies

When a domestic water supply is situated within an acquisition area, or might be jeopardized by construction of the project, the Region Right of Way Manager shall request the Project Leader to have



water quantity and quality tests performed. The test results provide a benchmark in determining the extent of the States liability if claims for water supply damage due to the project are filed against the State.

If a domestic water source is to be entirely or partially acquired, the Project Manager or designated agent should secure an estimate of the cost to provide a new comparable replacement well from a well drilling contractor. The real property appraiser must consider this cost estimate in light of depreciation or other relevant factors to arrive at an estimate of the contributory value of the water source being acquired. The appraiser must determine whether the loss of the water source causes any damages to the remainder, and if so, whether a cost-to-cure can be applied to mitigate damages. Examples of a cost-to-cure include drilling a new well if legally permissible, or connecting the remainder to an existing public water system. Generally the cost to replace the water system should not exceed the value of the system being acquired plus damages to the remainder attributable to the loss of the water system.

#### **4.420 Septic Systems**

When all or part of a septic system is situated within an acquisition area, an analysis similar to that for a domestic water supply may be done. The contributory value of the septic system should be estimated. This will require a contractor's estimate. Damages to the remainder property due to the loss of the system need to be analyzed, and a cost-to-cure applied if appropriate and permissible. Determining the feasibility of replacing the system requires coordination with the local public agency sanitarian.

#### **4.425 Utilities**

As a part of the appraisal process the Project Manager is to examine the provisions made in the construction plans for utility relocation. Because utilities are generally relocated as a part of a project, the Project Manager may direct the appraiser to assume that existing utilities will be available after the project is completed, and therefore they are not appropriate items for the appraiser to value.

However, in an entire acquisition containing a utility owned by the grantors, (such as a well or a wind powered generator) the appraiser must consider this facility as an improvement to be appraised for its contributory value to the land.

#### **4.426 Mobile Homes**

Mobile homes, with the exception of travel trailers, are generally considered real property by the Dept. of Transportation. However, when the land beneath the mobile home is not owned by the mobile home owner, such as in a mobile home park, and the mobile home owner pays a licensing fee and personal property taxes, the mobile home may be treated as personal property. Refer to Section 6.800 in the Relocation Section.

### **4.430 Damages**

Although just compensation includes compensating a property owner for damages to the remainder resulting from the acquisition, there are many situations which adversely impact the remainder property for which no compensation can be allowed.

One example is a loss of value to the remainder when the loss is attributable to the exercise of police powers. Police powers involve the government's right to promote order, safety, health, and the general welfare of society within constitutional limits. This can directly affect property valuation by regulating or prohibiting certain uses of the property. The loss of value under eminent domain is due to a transfer of ownership to the public, while the loss of value under police powers is due to regulation. Since no acquisition of property is involved under police powers, no compensation can be paid to owners for a loss of value. The exercise of police and eminent domain powers can occur concurrently and care must be taken to distinguish the effects of each. (See Section 4.450)

Damages to the remainder are divided into two classifications: compensable and non-compensable.

#### **4.440 Compensable Damages**

A loss in value of the remainder property is compensable if it is caused by or related to the taking of property or property rights, or the manner in which the public improvement is constructed, if it includes:

1. Dividing a property into two or more parts. This includes dividing buildings or other improvements on the property.
2. Reducing the remainder area into small parcels no longer having economic utility. (See Section 4.470)
3. Creating oddly shaped remainder areas having diminished value.
4. Creating a landlocked remainder.
5. The loss of reasonable access to the highway system.

6. Proximity of the highway to buildings in the after situation.
7. Change of grade or loss of view if the loss results in a decrease in market value.
8. The loss of off-street parking.
9. A loss in value because of a change in highest and best use.

If there is no loss in value, then no damage has occurred. Any loss in value must be supported and documented by market evidence in the appraisal.

#### 4.445 Costs-to-Cure

A partial acquisition can leave a remainder property unusable or substantially impaired. However, often the adverse effects can be reasonably diminished or completely mitigated by specific modifications to the remainder property. A cost-to-cure is an estimate of those costs an owner would incur if all the necessary modifications were made. This often requires that a specialty report or contractor estimate or bid be prepared for consideration by the real property appraiser in the measurement of damages (See Sec. 4.625).

The decision to utilize a cost-to-cure to estimate damages to a remainder should be based on the reasonableness of performing the cost-to-cure. Damages must be estimated prior to determining the cost-to-cure. If the cost-to-cure estimate is greater than the amount of damages created by the project, it is inappropriate for the cost-to-cure to be applied. A cost-to-cure may be used only to offset greater damages. In some situations a cost-to-cure will include replacement value for item(s) also valued in the part to be acquired, thus caution must be exercised to avoid double compensation. Also, the cost-to-cure must be limited so as not to provide betterment to the remainder (unless the enhancement would be due to zoning or building codes, etc.)

The cost-to-cure estimate is applicable only for measuring the extent of damages to the remainder. It is not to be applied if the cure is dependent upon actions taking place outside the control of the property owner. As an example, it is not appropriate to cure damages resulting from a deficiency in the size of a remainder by assuming the owner could acquire adjacent land.

Examples of situations in which costs-to-cure might be employed include:

1. Fencing is severed, jeopardizing its security function. Security can mean to restrain livestock,

- for example, or it can mean to protect inventory or avoid liability.
2. A building is severed.
3. Access to property or buildings is eliminated but can be restored by relocating the access. (See Secs. 4.480 and 4.481)
4. An improvement can be moved to mitigate damages to the remainder. It is not proper to consider relocation of structures to decrease proximity to the project.
5. A water supply or sewage system is acquired and can be replaced in some fashion.
6. A drain line can be installed to prevent flooding on the remainder.

#### 4.450 Non-compensable Damages

A loss in value of the remainder property is non-compensable if it is caused by or related to:

1. Remote and speculative damages:
  - a. Any aesthetic or sentimental losses perceived by the owner.
  - b. Any damages caused by the acquisition and construction on the lands of others. The damages must be a result of an acquisition from the damaged property.
  - c. Annoyances or inconveniences suffered by the public generally, such as an increase in noise, dust and fumes, or circuitry of travel.
2. Damages to business. The following factors generally cause increased cost to businesses but cannot be compensated for in the appraisal process:
  - a. Business losses during construction.
  - b. Loss of good will.
  - c. Expenses incurred in moving personal property to a replacement site.
  - d. Loss of trade, business, or future profits.
  - e. Increased costs in operating the business, except as it affects the market value of the real property.
  - f. Costs of plans and specifications for proposed improvements now obsolete due to the acquisition; also loss of prospective use of the property based upon those plans.
  - g. Damages arising out of an owner's inability to relocate into an acceptable substitute location.
  - h. Loss of profit from the sale of vacant land if it were subdivided. The appraiser cannot find higher damages by asserting the vacant land would be more valuable if subdivided, since it is speculative as to when and for how much

the lots would be sold. The highest and best use of the larger parcel would consider the aggregate of the lots and not at the value of the sum of the components.

- i. Inconvenience and expenses incident to the surrender of possession.
3. Police powers. A loss in value to the subject property is non-compensable if, by the proper exercise of police powers, it is caused by:
- a. Zoning regulations.
  - b. Changes in traffic patterns, such as the creation of one way streets; installing median barriers; establishing traffic lanes and restricting on-street parking; increasing or decreasing traffic volumes and regulating speeds; limiting left-turns, U-turns and crossovers; temporary and permanent diversions and rerouting of traffic, including the inconveniences resulting from circuitry of travel.
4. Access restrictions. (See Section 4.480) A loss in value due to restriction of access is non-compensable if it is caused by or relates to:
- a. Disallowing access directly to a newly located limited access highway.
  - b. Not having access to a widened highway if there was no prior access.
  - c. Access restrictions if access to the highway system is reasonable, including if access is provided by means of a frontage road.
  - d. A loss of access if access is not allowed at each and every point along the highway, so long as reasonable access is provided.

#### **4.455 Benefits**

If the owner's remainder property increases in value as a result of the project, the owner has been benefited and compensation may be modified by offsetting the benefits against any damages previously determined by the appraiser. Not all benefits can be used to offset damages.

Benefits are divided into two categories, general and special. Only special benefits can be applied against damages.

#### **4.460 General Benefits**

An increase in value of the remainder property as a result of the project is a general benefit if the benefit accrues to the neighborhood or community at large,

including those who do not abut on the new improvement. If a benefit is determined to be general, it cannot be used to offset damages to the remainder.

#### **4.465 Special Benefits**

An increase in value to the remainder property as a result of the project is a special benefit if it results from the remainders special relationship to the project and is not realized by the community as a whole.

The benefit may be a direct result of the acquisition, such as by the creation of additional frontage or changing a creek channel creating more usable land. The project could create special ingress and egress or establish access where none existed before. A change of grade could be a special benefit to the remainder if it increased the market value of the land.

If the remainder is provided with a higher and better use as a result of the project, this would most likely be viewed as a special benefit. The appraiser must determine that the higher and better use is special to the property and is not equally enjoyed by properties that do not abut or proximate to the project. If a property receives both general and special benefits, only the special benefits may be used to offset damages.

A special benefit to one tract of land abutting the project does not become general merely because a like benefit is enjoyed by many tracts that are contiguous or in near proximity to the project. The benefit may be special to all of the abutting or proximate remainder parcels.

In situations where the distinction between general and special benefits is difficult, the appraiser should seek the advice of the Project Manager and the Project Administration Manager for further direction.

#### **4.470 Uneconomic Remnants**

An uneconomic remnant is the remaining part of the subject property in which the owner is left with an interest that the State determines has little or no utility or value to the owner. If the acquisition of only a portion of property would leave the owner with an uneconomic remnant, the State shall offer to acquire the uneconomic remnant along with the portion of the property needed for the project. The determination of whether or not a remainder is considered an uneconomic remnant is made by the Review Appraiser. The State will not condemn for an uneconomic remnant.

#### 4.480 Access Considerations

Under Oregon law, access to the state highway system is subject to ODOT's regulatory authority. Closures, restrictions, and relocations of accesses are done under this authority. Access rights may also be acquired under ODOT's eminent domain powers, but the rights acquired are still subject to ODOT's overriding authority to regulate access. Oregon courts have generally held that access control does not constitute a compensable taking under the Oregon Constitution, because of this regulatory authority.

#### Exceptions

Loss of access is compensable only when an existing reservation or grant of access is closed, or when a property is left with no reasonable access. Reasonable access for appraisal purposes is any access that allows some remaining economic use of the property, not necessarily the existing use or the existing highest and best use.

#### Project related access control

The Right of Way Project Manager instructs both staff and fee appraisers regarding the nature and degree of access control on a project. Appraisal instructions must include locations before and after the project of access reservations, permitted approaches, grandfathered approaches, and illegal approaches.

#### Non-project access control

A District Office may initiate access closures unrelated to a right of way project. Upon receipt of a notice of closure, the Region Right of Way Manager will determine whether there will be a taking of a compensable access right or the closure of an access for which a permit has been issued. A taking requires an appraisal. Closure of a permitted access requires an OAR Division 51 remedy analysis.

#### Appraising access rights for compensable access closures

The closure of an existing reservation or grant of access, or the loss of reasonable access to a property normally requires a before and after appraisal to analyze the impacts of the loss of access on the property. A thorough analysis of the before and after situations is required. The access characteristics both on the property and off the property must be considered in the before and after situations; this includes a review of the internal

circulation and external accessibility.

Damages due to the access closure are compensable in these situations, and must be documented and/or explained. Special benefits must be measured.

A taking and damage appraisal may be appropriate in some situations, but concurrence of the Project Administration Unit Manager or Appraisal Reviewer will be needed before this format may be used. The taking and damage appraisal must employ the same thought processes as in a before and after appraisal.

Value finding appraisals and administrative determinations of value may be applicable in certain circumstances where it is obvious that no damages result from the loss of access. Appraisal Review concurrence is necessary before beginning a value finding or administrative determination on a file with compensable access control.

#### Appraisals with non-compensable access closures

An appraisal of property that does not involve closure of a reservation or grant of access or loss of reasonable access must recognize that damages due to access changes are not compensable. The appraiser will distinguish between compensable damages due to the taking and non-compensable damages resulting from the loss or control of access. The appraiser must mentally separate the taking from the changes in access by determining what the effects of the changes would be if ODOT's regulatory authority were used prior to, and totally separate from, the project. Those effects are non-compensable. The appraiser would assume that the access changes have already been made, and the appraisal would measure the effect of the taking alone in valuing the property.

Factors other than access may require a before and after appraisal. Since the before and after format automatically measures damages due to access control along with all other damages, the appraiser must identify damages due to loss or change of access as non-compensable.

Taking and damage appraisals, value finding appraisals, and administrative determinations should neither address nor measure non-compensable damages.

#### "Access control only" files

Loss or change of access is non-compensable. No value can be attributed to access restrictions or changes in access in an appraisal, unless there is a closure of a reservation or grant of access or loss of reasonable access. Appraisers may not report a nominal value, or any other value for loss of access. This includes files that are "access control only".

If an access reservation is being closed, a Before and After appraisal should be completed to document any changes in value to the property. If the appraisal shows no loss in value, the appraiser should state the value of the access closure as "\$0". For statewide consistency, Appraisal Review will establish just compensation in these situations.

Closures of accesses are compensable only when an existing reservation or grant of access is closed, when a property is left with no reasonable access, or when a property is landlocked. Reasonable access for appraisal purposes is any access that allows some remaining economic use of the property, not necessarily the existing use or the existing highest and best use.

#### **4.481 ACCESS REMEDIES UNDER OAR 731-051-0500**

Under OAR 734-051-500 closure of an access having an existing permit may result in the offer of an administrative remedy. If the Right of Way Section determines that such a remedy would address issues created by such closure which relate to real property value, utility and use, then a remedy may be considered. Regulatory closure of an access for which a permit has not been issued is not eligible for a remedy under this provision. Offers of remedies are totally discretionary on the part of the Department and are not subject to a contested case appeal.

The process of determining a remedy is separate from the appraisal process for an acquisition. The remedy may be determined by the appraiser at the time the property appraisal is being completed, but neither the remedy, nor discussion of the remedy, will be part of the appraisal. The remedy is not part of the just compensation to be offered to the grantor.

Remedies are intended to mitigate out of pocket costs an owner may incur in reestablishing alternate access due to the loss of a legally permitted access. Remedies are intended to restore functional access to the property. They are not intended to compensate for damages to the remainder property, or to "make the property whole."

Remedies may be monetary and/or non-monetary, and are benefits to a property that which would address issues related to real property value, utility or uses.

They include the equivalent value of:

- Actual physical reconnection of an approach to the highway or some other public facility;
- Construction of public roads or other public facilities, including frontage or utility roads, city streets, alleys or county roads;
- Improvements or modifications to the real property served or intended to be served by the approach, including paving of parking, re-striping of lanes or parking, relocation of other traffic barriers and other items that directly address the impact to the property of the closure or denial; and
- Improvements or modifications to highways or other public facilities, including medians or other traffic channelization, signing or signal installation.
- Remedies include any benefits derived by the property by virtue of highway improvements and highway modifications, whether or not related to the specific closure.
- Remedies will be limited to those necessary needed to serve existing uses or other uses reasonably allowed uses given the existing zoning of the property and other factors, including physical or geographical constraints.

Remedies do not include:

- Reimbursement for attorney fees;
- Relocation expenses;
- Lost profits;
- Lost opportunities; or
- Costs not specifically related to value, utility or use of the property itself.

Remedies will be based on cost estimates from private contractors (preferred method), or prepared by agents knowledgeable about typical costs.

Documentation of remedies is not required to be as extensive as for an appraisal, but must be sufficient to provide a reasonable basis for determining the remedy amount. A narrative explanation of the situation and the remedy will be sent to the Appraisal Unit for review. Remedies should not be reported on appraisal forms.

(NOTE: Costs related to administrative access remedies under OAR 731-051-500 are not eligible for federal reimbursement.)

#### 4.500 APPRAISAL REPORTS

ODOT has standardized appraisal forms. The forms may be found in the "Guide to Appraising Real Property."

#### 4.505 Definition of an Appraisal

The Uniform Act defines an appraisal as: "...a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information."

Appraisal reports should contain, as a minimum, the following elements:

1. The purpose of the appraisal including a statement of value to be estimated and the rights or interests being appraised.
2. Identification of the property and its ownership, including at least a 5-year delineation of title.
3. A statement of appropriate contingent and limiting conditions, if any.
4. An adequate description of the neighborhood, the property, the portion of the property or interest therein being acquired, and the remainder(s) if any; also, include discussion of the comprehensive plan and zoning requirements.
5. Photographs of the subject property including all principal above ground improvements or unusual features affecting the value of the property to be acquired or damaged.
6. An identification or listing of the buildings, structures, and other improvements on the land as well as the fixtures which are determined to be a part of the real property to be acquired.
7. An estimate of fair market value for or resulting from the acquisition. In the case of a partial acquisition, where appropriate, a reasonable allocation of the estimate of fair market value for the real property to be acquired and for damages and/or special benefits to remaining real property.

8. The data and analyses or reference thereto to explain, substantiate, and thereby document the estimate of fair market value.
9. The effective date of the appraisal, including the date of value (usually the date of the last inspection) and the date the report is written (completed).
10. The certification, signature, and date of signature of the appraiser.
11. Other descriptive material (maps, charts, plans, photographs).
12. The Federal-aid project number and parcel identification.
13. A statement of known and/or observed encumbrances, if any.

Additional requirements and guidelines for appraisals on federally funded projects are contained in applicable portions of the Code of Federal Regulations.

#### 4.510 Property Inspection

Staff or fee appraisers must provide the owner or a designated representative an opportunity to accompany the appraiser during the inspection of the property being appraised. The appraiser's (both staff and fee) contact with the owner or representative must be documented in accordance with ORS 35.346 and the "Guide to Appraising Real Property." (See Section 4.140.)

#### 4.515 Accurate Information

An appraiser must attempt to obtain current and accurate data regarding the property to be appraised, including title, site, improvement, and highest and best use information:

1. Staking: Where staking of the proposed right of way is necessary for a proper evaluation of an acquisition, the appraiser should ask the Project Manager to request the Project Leader to have the staking done.
2. Changes In Ownership: An appraiser may discover that ownership's shown on the right of way map are incorrect. It is the appraiser's responsibility to notify the Project Manager in such cases so that new descriptions and/or title information may be obtained. Requests for new descriptions are sent in writing to the appropriate Region Description writers. The new title information should be sent to the Title and Closing

Specialist in the Right of Way Operations Unit and should be accompanied by copies of documents showing the change in ownership.

#### **4.520 Acceptable Formats**

All appraisal reports must be written in compliance with the procedures found in the Right of Way Section's "Guide to Appraising Real Property." The level of documentation required and the format of acceptable appraisals vary by the complexity and scale of the appraisal problem. The Project Manager must approve the choice of format from the following:

#### **4.525 Minimum Payment Appraisal for Local Public Agencies**

This form is used only for acquisitions by those Local Public Agencies which are unable to utilize the "Appraisal Waiver Valuation (a.k.a. Administrative Determination of Just Compensation)" process as outlined in Section 4.545. When the value of the property to be acquired is estimated to be \$2,500 or less, the appraisal may be prepared on the Minimum Payment Appraisal Form 734-3960. However, the minimum payment cannot be less than \$350. (See 4.145)

After unit values have been established for the project area by a sales study and/or appraisals of more significant files, an appraiser shall be assigned to appraise fair market value for the low value files. Each opinion shall be based upon the developed market data and shall be submitted on Form 734-3960. Negotiations may be conducted based upon the minimum payment appraisal after the appraisal has been reviewed.

Should the appraiser's final conclusion of value exceed the \$2500 limitation, a value finding or standard form appraisal must be prepared and submitted for review.

#### **4.530 Value Finding Appraisal**

The Value Finding Appraisal Report #15 may be used for the valuation of uncomplicated acquisitions.

Uncomplicated acquisitions are those with no major improvements either within or materially affected by the acquisition. Damages, if any, must be curable by nominal cost-to-cure measures.

Comparable sales data, improvement data, and cost-to-cure support must be attached to the appraisal. However, when land unit values have been established for a project by a reviewed project data book or sales study and/or reviewed appraisals of

comparable properties, these may be referred to instead of attached.

#### **4.540 Appraisal Forms - Taking and Damages or Before and After**

Refer to the "Guide to Appraising Real Property" for selection of the appropriate forms for the appraisal assignment. See Sections 4.340 and 4.345.

#### **4.545 Appraisal Waiver Valuation (a.k.a. Administrative Determination of Just Compensation)**

As an alternative to securing an appraisal or direct donation (described in Section 5.320), the State may administratively establish just compensation to acquire right of way via an administrative valuation process. This process is allowed under 49CFR Part B 24.102(c)(2) and under ORS 35.346(2). It can only be completed by and approved by department staff that are knowledgeable in the real property valuation process and must comply with the following:

#### **Standards**

- The Appraisal Waiver Valuation process (a.k.a. Administrative Determination of Just Compensation) is to be used only for uncomplicated takings and can not involve complex appraisal problems such as potential damages that require complex analysis or unique improvements in the taking area requiring special analysis. Decisions on complexity of appraisal issues and whether or not to use the Appraisal Waiver Valuation process are made by the Region Right of Way Manager, or their designee. The person making this decision must be qualified and competent in judging the project's impacts on real property and for making fair market value estimates of the real property to be acquired.
- The process can be used by ODOT up to \$20,000. Use of this process must follow the conditions set forth in these standards. Waiver valuations above \$10,000 must be developed in compliance with regulation, 49 CFR Part B, 24.102(c)(2), whereby the appraisal waiver valuation process may be used so long as the agency has the property owner's approval. The valuation report must include a signed statement indicating approval from the property owner that a Waiver Valuation can be prepared by the Agency to establish Just Compensation.

All Waiver Valuations may be prepared by a Senior Right of Way Agent or delegated to a Right of Way Agent who is experienced in appraisal processes.

Approval of the estimate of fair market value and determination of Just Compensation will be by the Region Right of Way Manager, or designee.

The Waiver Valuation concludes with an estimate of market value for the acquisition. As a part of the approval, the Manager or designee makes the final determination of just compensation for the agency. If the Waiver Valuation concludes with a market value less than the minimum payment level identified in 4.145, the Manager will establish just compensation at the minimum payment level as a part of the approval. In unusual circumstances, such as small projects in isolated locations, with prior concurrence of the Region Right of Way Manager, an offer may be extended prior to the written approval and signature of the Region Right of Way Manager or their designated agent.

- 15-Day Notice – Prior to inspecting the property, the agent should provide not less than 15 days' notice to the owner of the planned property inspection. The owner and/or designated representatives should be given the opportunity to accompany the agent on the inspection of the property. While this notice and inspection offer is not a legal requirement for completion of a Waiver Valuation, the practice helps ensure a thorough inspection of the acquisition area and facilitates the negotiations with the owner. In circumstances where time is of the essence, the Region Right of Way Manager may decide to waive the 15-day notice requirement.
- Inspection – Any Agent assigned to do an Appraisal Waiver Valuation will view the property prior to its completion. Physical inspection, while not required, is encouraged and should only be completed with the owner's permission.
- Appraisal Waiver Valuation report – The report will be completed using Form 734-2216 and will include the following:
  - *Clear, concise language, understandable to the owner.*
  - *Copies of the applicable section of the R/W map and the exhibit A.*
  - *Photos of the acquisition area and of any improvements acquired or affected.*
  - *Market information should be referenced for all opinions of value. Market information includes, but is not limited to, sales data, established values, cost factor book data, informed opinions, listings, and verified sales.*

➤ *Signature of the agent completing the compensation determination and of the Region Right of Way Manager or designated agent approving the report.*

- A copy of the Waiver Valuation will accompany the acquisition offer. Review by the Region Right of Way Manager as required in these Standards must be completed prior to forwarding to the owner.
- In addition to using the Appraisal Waiver Valuation up to \$20,000, certain "cost to cure" type allowances may be made for land improvement features impacted by the project that of necessity must be replaced. These allowances would be for items typically identified in the project design as requiring re-establishment, either as part of project construction or the Right of Way agreement with the property owner. The allowances should be based on bids provided by qualified contractors and approved by the Region Right of Way Manager. Some examples of allowances of this type are for re-establishment of fencing to contain livestock or re-establishment of drainage or irrigation facilities. These "cost-to-cure" type allowances are not included in the \$20,000 limit. Other types of specialty reports—such as signs, timber, fixtures, and equipment—must be included in the \$20,000 limit as they are part of the taking and would not of necessity be replaced.
- No one making or approving a Waiver Valuation shall have any interest, direct or indirect, in the real property being valued for the Agency that would in any way conflict with the preparation or review of the valuation.

### **Levels of Documentation**

All pertinent documentation should be retained in the file or be referenced when contained in other ODOT records. The level of documentation should be consistent with the valuation problem. It is important not to over work a valuation problem and lose the cost savings and efficiency benefits of using the form, but it is equally important that we do not establish an arbitrary estimate of value. If the Waiver Valuation is part of a larger project, consistency with the valuations of other properties on the project must be maintained.

Accuracy and consistency need to be maintained on all Waiver Valuations. They can only be done once values for the project are known, or once property



values of similar properties in the area in question have been established. Commitment to maintaining a high work quality standard and assuring fair and equitable treatment of all property owners and displacees in conformance with the Uniform Act is a requirement of each Appraisal Waiver Valuation.

## Approval/Review

- Any review or approval of the Appraisal Waiver Valuation will include a check for consistency and uniformity; any discrepancies are to be brought to the Region Right of Way Manager's attention and resolved.
- Prior to signing, the Region Right of Way Manager or designated Agent will check the math in the report, and review the information used to support the conclusions of value. Any need to re-inspect the subject or verify supporting data is left to the discretion of the reviewer.
- The Manager or designated Agent will send a copy of the approved report to the Appraisal Unit in Salem, and will record the appropriate value information in RAIN.
- Only Appraisal Waiver Valuations which are to be the bases of value for a condemnation filing require a review by the Appraisal Review Unit.

## Use in Condemnation

Waiver Valuations submitted for condemnation will be forwarded through Appraisal Review to check for compliance with the Appraisal Waiver Valuation standards. The Waiver Valuation and the documentation used in its preparation will be reviewed for consistency, compliance with these Standards and to assess the appropriateness of the Just Compensation value that was determined. A request by the Region Right of Way Manager may be made for a review of the Waiver Valuation any time prior to the condemnation filing. Additional market information may be requested by the Reviewer to support the opinion of value by the valuator.

Regions should be prepared to provide appraisals or award appraisal contracts once condemnations have been filed. Appraisals will normally be required for trial preparation.

## Annual Process Review

At the end of each calendar year, the Right of Way Project Administration Manager will complete a review of the Appraisal Waiver Valuation process for the year. This will include a review of the files where

condemnation filings where made on Waiver Valuations. This report will be made at management

team meeting with recommendations for improvements

### 4.547 Appraisal Waiver Valuation - Use of Consultants

Consultants hired by the State or by Local Agencies cannot utilize the Appraisal Waiver Valuation process. Current state appraisal licensing law contains provisions that effectively preclude anyone other than agency staff from doing an Appraisal Waiver Valuation.

### 4.550 Appraisal Waiver Valuation Process for Local Public Agencies

Local Public Agencies that have staff experienced in eminent domain appraisal may be authorized to use the Appraisal Waiver Valuation up to \$10,000. Use of this process must follow the conditions set forth in the standards outlined in the Right of Way manual, specifically Section 4.545.

Any request by a Local Public Agency for use of the Appraisal Waiver Valuation must be made in writing to the Right of Way Project Administration Manager.

### 4.555 Number of Appraisals Required

#### 1. Real Property Appraisals

At least one appraisal report or Administrative Determination of Just Compensation for each property to be acquired must be secured before negotiations are begun. On files with high market value or involving complex or controversial issues, two appraisals may be secured.

#### 2. Specialty Reports

When a separate valuation of fixtures, equipment or other specialty items is necessary, at least one specialty report is required. More than one appraisal can be secured on files with high market value or involving complex or controversial issues.

#### 3. Additional Appraisals and Specialty Reports

The need for additional appraisals subsequent to the initial appraisal review shall be discussed between the Project Manager and the Appraisal Reviewer. If an additional appraisal is necessary, a

written request stating the reasoning shall be submitted to the Region Right of Way Manager for approval.

#### 4. Obtaining A New Appraisal Instead Of A Revision

If a required appraisal revision is so great as to constitute a new appraisal, or if the original appraisal contained deficiencies or omissions and could not be corrected, the Project Manager should obtain the Region Right of Way Manager's approval to solicit proposals for a new appraisal. If the original appraisal could not be corrected, that appraiser should be excluded from writing a new appraisal.

#### **4.560 Appraisal Assignments and Specifications**

The Project Manager is to complete an Appraisal Specifications Form 734-3746 for staff and fee appraisers for each appraisal assignment so that they will be aware of the appraisal requirements. The assignment should also include a deadline for turning in a completed report. Paragraph (11) of the Appraisal Specifications form can be modified to include a due date for staff appraisers; for fee appraisers the due date is stated in the Appraisal File Register Form 734-2033. The Project Manager must also enter the appraisal assignment information in RAIN.

#### **4.565 Property Management Appraisals**

All appraisals of ODOT property declared surplus to ODOT's needs shall follow normal appraisal techniques and meet the standards prescribed in Chapter 4 of this Manual. Surplus property may be appraised for three different valuations. These valuations are the Fair Market Value, the Assemblage Value and the Enhancement Value. Surplus property will be appraised for two values, the Fair Market Value and the Assemblage Value. The Enhancement Value will be appraised for when appropriate.

1. Fair Market Value. This reflects a value for the surplus property as if it stood alone in the market place often by using comparable sales.

2. Assemblage Value. This value is determined by using an "across the fence" approach. This method requires determining the value of the adjacent property and how the assembling of the properties affects the value of the surplus property.

Enhancement value. Enhancement value is the additional property value a State owned property would provide to an adjacent property if both properties were assembled. This increase in value of

the adjacent property is the enhancement value for the State owned property. This value is determined through the use of the "Before and After" appraisal approach, assuming both properties have been assembled.

#### **4.600 Specialty Reports**

After a region receives authorization from the Right of Way Section Programming Coordinator to appraise property that is needed for a project, the Project Manager should view, with the assigned Review Appraiser, the properties needed to determine what types of specialty reports will be required. These may include fixtures and equipment, sign, timber, cost-to-cure reports, or hazardous waste reports. Upon their review, these specialty reports are transmitted to the real property appraiser(s) for inclusion, as appropriate, into the appraisal.

It must be noted that if any appraisal relies in any way on a written report, opinion or estimate of any other person(s), a copy of the written report, opinion or estimate must be provided with the appraisal. If any appraisal provided relies in any way on an unwritten report, opinion or estimate of any other person(s), the party providing the appraisal must also provide the name and address of the person(s) who provided the unwritten report, opinion or estimate with the appraisal. (ORS 35.346 as amended)

#### **4.610 Fixture and Equipment Reports**

When the project manager determines a fixture and equipment classification/inventory report is needed, the Right of Way Project Manager or an assigned agent contacts and meets with the property owner(s) to determine the type of operation, its products and services. The agent inquires whether the business will relocate after the acquisition and obtains copies of leases or rental agreements. The Right of Way Project Manager then assigns an agent or contracts with a qualified specialist to prepare a fixture and equipment classification/inventory report. The report shall include an inventory list, photo record and classification letter. Once the report is prepared, the Project Manager shall forward it to the Appraisal Reviewer. After the Region has received a response from the Appraisal Reviewer, the report will be provided to the real property appraiser for consideration. Refer to the "Guide to Appraising Real Property", section 5, for specific procedures and reference to the classification letter. Refer to Sections 4.160 and 4.395 and to the "Guide to Appraising Real Property – Section 5" for additional

information. Refer to Exhibit A at the end of this chapter for an example of the Fixture & Equipment Report.

#### **4.615 Sign Reports**

The Project Manager assigns an agent or contracts with a private sign expert to prepare sign appraisal reports when they are needed.

A sign is generally appraised by the cost approach to determine the depreciated reproduction or replacement cost of the sign. However, the real property appraiser should carefully analyze the contributory value of an on-premise sign when it no longer is relevant to the highest and best use of the real property being appraised.

These reports are prepared on the Sign Appraisal Report Form #19 and must contain sufficient photos to document the type and condition of the sign(s). The report must be presented to the appraiser for analysis of contributory value. See the "Guide to Appraising Real Property" for additional information.

#### **4.620 Timber Reports**

When a property is improved with a timber stand, the Project Manager must determine the need for and obtain a specialty report from an agent or a private contractor to estimate the value of the timber. The real property appraiser then estimates the contribution of the timber value to the entire property. This may be the market value of the timber, depending upon the highest and best use of the entire property. The concluded value must consider all costs involved in order to determine a net value. The need for the report is determined by the highest and best use of the property. Contributory value of trees on properties with a highest and best use other than timber land will be determined by market data.

Also, the Project Manager might obtain a timber appraisal when the acquisition creates landlocked parcels of reforestation land. The real property appraiser can use the timber appraisal in considering damages to the landlocked remainder and whether to apply a cost-to-cure of building an access road into landlocked parcels to mitigate damages.

A timber appraisal also might be used to estimate an amount to be realized from the sale of timber which could be used to offset costs of clearing the right of way.

A timber appraisal shall contain the following information as a minimum:

1. The merchantable timber categorized into types of trees with a brief description of the condition of the timber, the quantities in thousands of board feet of the various types of trees, a value per unit, a subtotal value of each type of tree, and a total value of the timber stand. Logging costs are to be deducted to arrive at the net value of the timber.
2. A description of the understory and reproduction found on the property, with its value.
3. A description of the land, with comments concerning its productivity for forest products.

#### **4.625 Cost-to-Cure Reports**

The Project Manager may need to obtain a variety of reports estimating the cost to effect cures to damages which would be caused by the acquisition of land and/or improvements or by the proposed construction. These reports may be assigned to qualified agents or contracted with specialists, such as architects, building contractors, landscapers or landscape architects, appraisers, engineers, sanitarians, refrigeration contractors, etc. These estimates must be in sufficient detail to enable the appraiser and reviewer to make meaningful comparisons among the reports. Sometimes it may be necessary to have plans or sketches and specifications prepared so that the cost-to-cure reports are made on the same basis.

#### **4.626 Hazardous Waste**

Please refer to ODOT Policy ENV 16-01 and Procedure ENV 16-02.

The evidence of contaminants or hazardous waste on properties to be acquired will require testing and an attempt to avoid the property. If the property cannot be avoided, the Project Manager, with the Review Appraiser, will determine one of the following courses of action:

- a. If the owner is willing and able to perform, or contract, the site cleanup in a timely manner and other issues will not lead to condemnation, the Project Manager will obtain a Hazardous Materials Agreement signed by the owner and the parcel will be appraised as a clean site.
- b. If the owner is uncertain or noncommittal about cleaning the site, or the project timeline is too short to accommodate a cleanup, Level 2 investigation shall be requested. The property will be appraised as both clean and contaminated.

The offer will be for the value as contaminated. Also, the offer as clean, along with the associated responsibilities, will be presented.

- c. If the owner is unable or unwilling to perform the cleanup and/or there are other issues which will lead the acquisition to condemnation, the Project Manager will obtain a Level 2 investigation and the property will be appraised only as contaminated.

Refer to "Guide to Appraising Real Property" Section 2, paragraph 65.

#### **4.700 APPRAISAL REVIEW**

Applicable laws, regulations and Section policy require that all appraisals and specialty reports be reviewed prior to the initiation of negotiations. The Right of Way Project Administration Unit maintains a qualified staff of Reviewing Appraisers who do most of these reviews. The Right of Way Manager or Project Administration Manager may give the Region Right of Way Manager or Project Manager the authority to review specific appraisals in the field if workload or manpower limitations preclude review by Appraisal Review staff.

##### **4.710 Review Objectives**

The Review Appraiser considers all factors pertinent to estimating just compensation for a property. The Reviewer examines an appraisal to assure that it:

1. Is clearly reasoned, completely documented, mathematically correct and accurate, free from errors or omissions, and in accordance with the Section's appraisal requirements.
2. Follows acceptable appraisal techniques and is based on correct assumptions as to facts, law and the nature of the proposed construction.
3. Contains or refers to information which explains and substantiates the estimate of fair market value, and where appropriate, a separate allocation for damages to remaining property.
4. Identifies or lists buildings, structures, improvements and the fixtures which were considered part of the real property.
5. Is consistent with the range of values reviewed for other properties in the area to assure uniform and equitable treatment.

##### **4.720 Review Procedures**

Review procedures are briefly outlined in Section 4.220, the Review Appraiser's Responsibilities.

The Appraisal Reviewer must document, by memos to the file or in the appraisal review, all efforts made to have appraisers correct deficiencies in their reports. The Reviewer must make a reasonable effort to reconcile substantial differences of value opinion when considering two or more appraisals of a property. If neither appraisal is acceptable, or if it is not possible to reconcile divergent views, the Reviewer may make an independent finding of value, but must support it with documented evidence. If this is not feasible, the Reviewer should request authority from the Project Administration Manager for the Project Manager to secure another appraisal.

Any new or revised appraisal, including one provided by a property owner, must also be reviewed. In addition, a new review may be made if the Appraisal Reviewer believes there was an error in judgment or analysis in a previous review, or if new information becomes available. To the greatest extent possible, the Reviewer is expected to remain open-minded and objective in estimating just compensation.

##### **4.730 Review of Specialty Appraisals**

Specialty appraisals, such as those valuing fixtures or costs-to-cure may be reviewed by the Review Appraiser before the Project Manager submits them to the appraiser for incorporation into the real property appraisal. Reviewing specialty reports is similar to reviewing the real property appraisals. The reviewer examines the report to determine whether it complies with federal and state appraisal guidelines; follows accepted principles and techniques for valuing the subject of the report; explains and documents fully the conclusions of the specialist; and provides an estimate of compensation after consideration of compensable and non-compensable items. In the cases where the specialty report is not reviewed by the Review Appraiser, the Project Manager will provide the specialty report to the real property appraiser to be included in the real property appraisal. The specialty report will then be reviewed in conjunction with real property appraisal.

It is the responsibility of the Project Manager to forward a copy of the classification letter for fixture and equipment appraisals to the Project Administration Unit for review of the categories before providing the report to the real property appraiser. Once the categories are reviewed the entire specialty report can be provided to the real property appraiser.

#### **4.740 Appraisal Review Form 734-3753**

The Appraisal Reviewer records the review findings and estimate of just compensation on the Appraisal Review Sheet Form 734-3753. If substantial differences exist between appraisals of a property the reviewer must state how they were reconciled, the reasons for accepting one opinion over another and should document the decision with any pertinent data.

If the Appraisal Reviewer makes an independent finding of value, different from any appraisal, this estimate of just compensation must also be allocated as required on the review form. The Reviewer must also cite information, which supports this independent finding.

#### **4.750 Condemnation Appraisal Review Process**

Before the Final Offer Letter is delivered to the property owner on a file recommended for condemnation, the Project Administration Manager must re-examine the appraisal for completeness and accuracy. This includes determining whether any issues developed during the negotiation period would require the appraiser to update the appraisal, or whether market conditions have remained stable so that the appraisal is not obsolete.

The Manager should also check to see that the appraisal is based on the latest legal description.

If the Project Administration Manager finds a problem with the appraisal, the Region Right of Way Manager is contacted so that an updated appraisal can be obtained, and a decision is made with Right of Way Administration whether to delay the Letter of Offer until the revision is obtained and reviewed

If the appraisal is acceptable, the Project Administration Manager recommends an amount for the Letter of Offer on the R/C form and forwards the file to the Right of Way Operations Manager for further processing.

**CHAPTER 4**  
**EXHIBIT A**  
**Fixture & Equipment Report**

TO:

FROM:

*Right of Way Agent*

SUBJECT:   FIXTURE & EQUIPMENT REPORT

File No.:

Section:

Highway:

County:

For the purpose of establishing the property basis to be used by the real estate appraisers in estimating just compensation, the subject property has been inspected and pictures taken of those items which are not normally found in real property and/or which are peculiar to the specific operation conducted upon subject property.

Based upon the manner of annexation of attachment to the realty, the adaptation of the item to the realty and the apparent intention at the time of annexation or attachment, preliminary determinations are set forth on the following pages.

- I. The following items are so attached as to be considered part of the REAL PROPERTY itself, and while of a nature somewhat peculiar to subject property, they would normally be included in the values as found by the real estate appraiser. The real estate appraiser should adjust the comparable sales data to reflect the contributory value of these items.

**STATE I.D.**

**ITEM**



- II. The following items are considered to be FIXTURES due to:
- a. Method of annexation or attachment to the real property.
  - b. It is necessary and adapted to the primary use of the realty.
  - c. The apparent intention at the time of annexation or attachment was to make the item a permanent part of the realty.

**STATE I.D.**      **ITEM**

III. The following items are classified as PERSONAL PROPERTY.

These items may in no manner be attached to the real property or they may be attached in such a manner that they can be removed without a material loss of value to either the real property or the item.

They may be bolted, connected by pipes to service connections, plugged into electrical outlets or similarly fastened to the real property. They can be removed by uncoupling, unplugging, or otherwise disconnected with no material loss of value to the item or to the real property to which they are attached, nor are they an integral part of the function to which the realty is devoted without which all or part of the remaining fixtures could not be used to perform this function. They are not stand-by parts or attachments for any equipment which has been construed to be a part of the real property.

<u>STATE I.D.</u>	<u>ITEM</u>
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**Note:**

<u>STATE I.D.</u>	<u>DESCRIPTION</u>	<u>COST NEW</u>	<u>PRESENT VALUE</u>	<u>SALVAGE VALUE</u>
01		\$	\$	\$
02.		\$	\$	\$
03.		\$	\$	\$
04.		\$	\$	\$

NOTE: Data sources for the Fixtures & Equipment evaluation included the following:

- 1.
- 2.
- 3.

State ID# \_\_\_\_\_  
**ITEM** \_\_\_\_\_  
Manner of Attachment: \_\_\_\_\_  
Describe bldg. modification to  
accommodate item: \_\_\_\_\_  
Other Connections:  plumbing,  venting,  
 drains,  special wiring  
Can item be removed without material  
damage to the real property or item?  yes  no  
Installed by \_\_\_\_\_  
Owned by \_\_\_\_\_  
If removed, is the item readily  
adaptable to other uses?  yes  no  
Would the item have little value out-  
side the context of its current use?  yes  no  
Without this item would the utility of  
other fixtures or the use of the  
realty be significantly impaired  yes  no  
Is the item permanently devoted to the  
activity conducted on the property  yes  no  
Is the item specially designed to fit  
the location?  yes  no  
Does it appear that the item was  
intended to remain until its useful-  
ness or that of the realty has passed  yes   
no  
Classification:  fixture,  
 personal property,  realty.

State ID# \_\_\_\_\_  
**ITEM** \_\_\_\_\_  
Manner of Attachment: \_\_\_\_\_  
Describe bldg. modification to  
accommodate item: \_\_\_\_\_  
Other Connections:  plumbing,  venting,  
 drains,  special wiring  
Can item be removed without material  
damage to the real property or item?  yes  no  
Installed by \_\_\_\_\_  
Owned by \_\_\_\_\_  
If removed, is the item readily  
adaptable to other uses?  yes  no  
Would the item have little value out-  
side the context of its current use?  yes  no  
Without this item would the utility of  
other fixtures or the use of the  
realty be significantly impaired  yes  no  
Is the item permanently devoted to the  
activity conducted on the property  yes  no  
Is the item specially designed to fit  
the location?  yes  no  
Does it appear that the item was  
intended to remain until its useful-  
ness or that of the realty has passed  yes   
no  
Classification:  fixture,  
 personal property,  realty.

State ID# \_\_\_\_\_  
**ITEM** \_\_\_\_\_  
Manner of Attachment: \_\_\_\_\_  
Describe bldg. modification to  
accommodate item: \_\_\_\_\_  
Other Connections:  plumbing,  venting,  
 drains,  special wiring  
Can item be removed without material  
damage to the real property or item?  yes  no  
Installed by \_\_\_\_\_  
Owned by \_\_\_\_\_  
If removed, is the item readily  
adaptable to other uses?  yes  no  
Would the item have little value out-  
side the context of its current use?  yes  no  
Without this item would the utility of  
other fixtures or the use of the  
realty be significantly impaired  yes  no  
Is the item permanently devoted to the  
activity conducted on the property  yes  no  
Is the item specially designed to fit  
the location?  yes  no  
Does it appear that the item was  
intended to remain until its useful-  
ness or that of the realty has passed  yes   
no  
Classification:  fixture,  
 personal property,  realty.

**CHAPTER 4  
EXHIBIT B  
BEFORE & AFTER APPRAISAL PROCESS FLOW CHART**

1	<u>Value of the Whole Before the Acquisition:</u>		\$
	• Land:	\$	
	• Improvements:	\$	
2	<u>Value of Part Acquired As Part of the Whole:</u>		\$
	• Land:	\$	
	• Improvements	\$	
3	<u>Value of the Remainder As Part of the Whole:</u> (1 minus 2)		\$
	• Land:	\$	
	• Improvements:	\$	
4	<u>Value of the Remainder After the Acquisition Disregarding Special Benefits:</u>		\$
	• Land:	\$	
	• Improvements	\$	
5	<u>Severance Damages:</u> (3 minus 4)		\$
	• Land:	\$	
	• Improvements:	\$	
6	<u>Value of the Remainder After the Acquisition and Considering Special Benefits:</u>		\$
7	<u>Special Benefits</u> (6 minus 4)		\$
	• Land:	\$	
	• Improvements:	\$	
8	<u>Net Damages or Net Special Benefits:</u> (5 minus 7) <i>Note: cannot be less than -0-</i>		\$
9	<b>Total Just Compensation:</b>		\$

**LINEAR MEASUREMENTS**

U.S. Customary Unit	U.S. Equivalent
Inch (In)	1/12 foot
Foot (Ft)	12 In.; 1/3 Yard
Yard (Yd)	36 In.; 3 Ft.
Statute Mile (Mi)	5,280 Ft.; 1,760 Yds.

**GUNTER'S OR SURVEYOR'S CHAIN**

Chain Unit	U.S. Equivalent
1 Link	7.92 Inches
25 Links	1 Rod (Perch or Pole); 16 ½ Feet
100 Links	1 Chain; 4 Rods; 66 Feet
10 Chains	1 Furlong; 40 Rods; 220 Yds.; 660 Ft.
80 Chains	1 Statute Mile; 320 Rods; 5,280 Feet

**AREA MEASUREMENTS**

U.S. Customary Unit	U.S. Equivalent
Square Inch (Sq. In.)	1 Inch by 1 Inch; 0.007 Square Feet
Square Foot (Sq. Ft.)	12 Inches by 12 Inches; 144 Sq. In.
Square Yard (Sq. Yd.)	3 Feet by 3 Feet; 9 Sq. Ft.
1 Acre	43,560 Sq. Ft.
1 Standard Section	640 Acres; 1 Sq. Mile

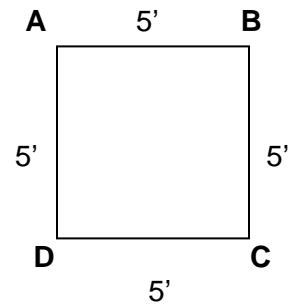
## SIDE AND AREA MEASUREMENTS OF VARIOUS SHAPES

**SQUARE:** Four sides of equal length.

Four angles of 90 degrees.

Perimeter:  $4 \times AB: 4 \times 5' = 20'$

Area: Base (DC) x Height (AD)  
 $5' \times 5' = 25 \text{ Sq. Ft.}$



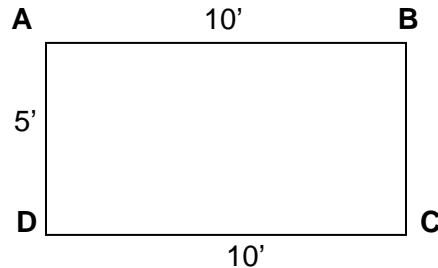
**RECTANGLE:**

Four sides, opposite sides must be equal to each other.

Four angles of 90 degrees.

Perimeter:  $2 (AB + BC)$   
or  $2 (10' + 5')$   
or  $2 \times 15' = 30'$

Area: Base (AB) x Height (BC)  
or  $10' \times 5' = 50 \text{ Sq. Ft.}$



**RIGHT TRIANGLE:**

Three sides

Three angles, one of which is 90 degrees

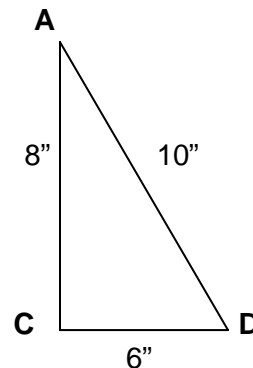
Height: side adjacent to the right angle (AC)

Base: other side adjacent to the right angle (CD)

Hypotenuse: side opposite right angle (AD)

Perimeter:  $AC + CD + AD = 24''$

Area:  $\frac{1}{2}$  Base (CD) x Height (AC)  
or  $\frac{1}{2} (6'' \times 8'') = 24 \text{ Sq. In.}$



## OTHER TRIANGLES:

Three sides

Three angles, none of which  
Are right angles

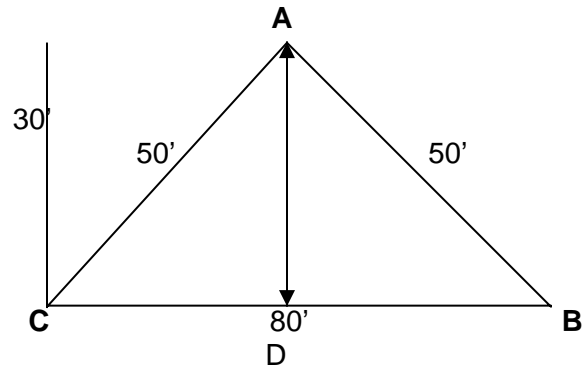
Base: BC

Height: a perpendicular line created  
at right angles to the Base intersecting  
the opposite angle. (AD)

Hypotenuse: both AC and AB are  
"false heights".

Perimeter:  $AC + BC + AB$   
or  $50' + 80' + 50' = 180'$

Area:  $\frac{1}{2}$  Base x Height  
or  $\frac{1}{2} (80' \times 30') = 1,200$  Sq. Ft.



## PARALLELOGRAMS:

Four sides; opposite sides are  
Parallel to and equal to each other.

No right angles

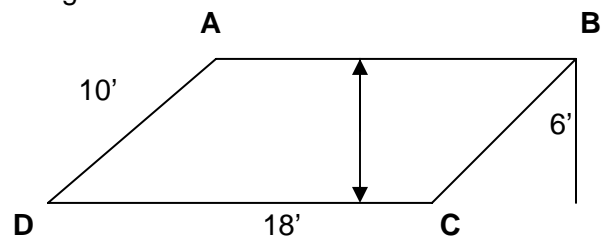
Base: CD or AB

Height: distance between bases at a right angle.

Hypotenuse: angled sides AD and BC

Perimeter:  $2 (AB + BC)$   
or  $2 (18' + 10') = 56'$

Area: Base x Height  
or  $18' \times 6' = 108$  Sq. Ft.





### TRAPEZOID:

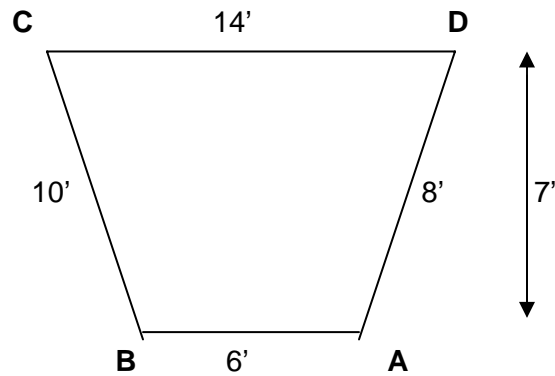
Four sides of which only 2 of the opposite sides are parallel.

Base: parallel sides (AB and CD)

Height: distance between bases at right angles.

Perimeter:  $AB + BC + CD + AD$   
or  $6' + 10' + 14' + 8' = 38$  feet

Area: Height x the average of the Bases  
or  $7' \times (14' + 6') / 2 = 70$  Sq. Ft.



### CIRCLES:

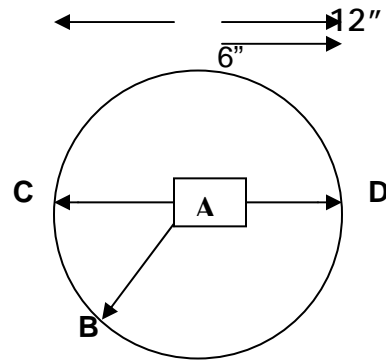
Radius: (AB) distance from center to perimeter; half a diameter

Diameter: (CD) distance from perimeter to perimeter through the center.

Pi: a standard property of circles: 3.1426

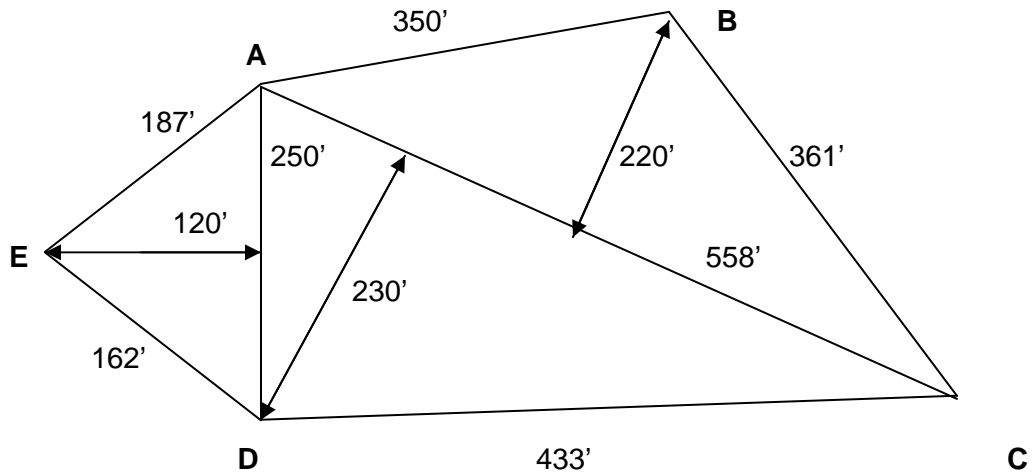
Perimeter:  $\text{Pi} \times \text{Diameter}$   
or  $3.1416 \times 12'' = 37.7$  inches

Area:  $\text{Pi} \times \text{Radius squared}$   
or  $3.1416 \times 6'' \times 6'' = 113.1$  Sq. In.



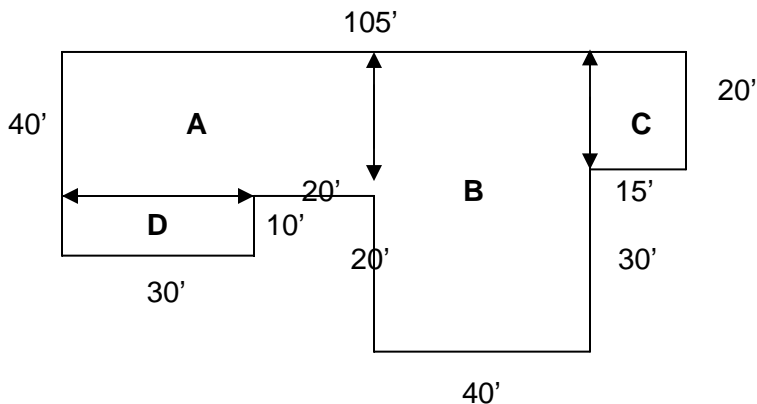
## CALCULATING AREAS FOR IRREGULAR SHAPES

Break down the irregular shape into a series of squares, rectangles, and triangles. Simply add together the combined areas of the various shapes that compose the irregular shape to arrive at the total area.



By adding lines AC and AD, irregular shape ABCDE can be broken into three separate triangles. They are ABC, ACD and ADE. Next add the “dashed” height lines for each of the triangles. Measure the resulting heights and bases and you are ready to solve for total area as being the sum of the areas of the three triangles.

Area ADE =  $\frac{1}{2}$  (120' x 250') or 15,000 Sq. Ft.; Area ABC =  $\frac{1}{2}$  (220' x 558') or 61,380 Sq. Ft.; and Area ACD =  $\frac{1}{2}$  (230' x 558') or 64,170 Sq. Ft. Together they total 140,550 Sq. Ft.



Example 2 is a common appraisal problem for calculating the area of irregularly shaped buildings. In this case, the appraiser “breaks” the irregular shape into rectangles A, B, C and D. The area is the sum of their individual areas. “A” = 50' x 30' = 1,500 Sq. Ft. “B” = 50' x 40' = 2,000 Sq. Ft. “C” = 20' x 15' = 300 Sq. Ft. and “D” = 10' x 30' = 300 Sq. Ft. The sum of the four areas is 4,100 Sq. Ft.

## MEASUREMENTS IN LEGAL DESCRIPTIONS

### METES AND BOUNDS DESCRIPTIONS

This legal description system describes the boundary of a parcel using a series of distances and directions from known initial point or "Point of Beginning".

The method was brought to the original 13 colonies from Europe. Currently, Metes and Bounds descriptions are found when a parcel is irregularly shaped, not situated in a recorded subdivision, or is located in a non-urban area.

The term "metes" means measurements. The term "Bounds" means a limiting line. Together, Metes and Bounds simply means, "measurements and boundaries".

Critical to the system is the starting point or "Point of Beginning". To be effective, the Point of beginning must be long lasting, known to others, not subject to movement, and easily locatable in the future. Surveyed points, such as the intersection of Township and Range Lines, street intersections, or a County corner, are often used.

Natural or man-made points are also used for reference. Landmarks, such as fixed features of the landscape are commonly used. AS custom introduced from Europe and often used in colonial days, was that of the witness or "Flogging Tree". Troublesome lads were taken to Witness Tree to submit to a sound thrashing in the presence of an assembled group. The theory was that during his entire lifetime, the lad would never forget the location of that landmark. Today, occasionally a legal description referring to a Witness Tree is still found. Today, Witness Trees are more likely to be geographically prominent trees and not places of corporal punishment.

Often, surveyors have placed a permanent marker, called a monument, to locate these Points of Beginning. From the Point of Beginning (POB), a "call" is made in the form of a distance and direction to the first corner of the property to be surveyed. This first property corner is the "True Point of Beginning".

The description will then "call" direction and distance to each of the succeeding property corners. These "calls" will continue until the survey returns to the "True Point of Beginning". Tracing out the boundary of the property is called a "traverse". It is imperative that the last leg returns exactly to the POB. If it does not, the description is invalid as it did not "close". Without "closing", the parcel is not truly separated from all other property. The entire point of a legal description is to separate that one property from all other properties.

## GOVERNMENT OR RECTANGULAR SURVEY SYSTEM

Shortly after the Revolutionary War, America was acquiring large tracts of the North American continent. The existing Metes and Bounds description system would be, at best, extremely cumbersome. A fast and simple way of surveying vast areas of the "Manifest Destiny" would need to be created.

In 1785 a committee of the Continental Congress, headed by Thomas Jefferson, developed a plan that would divide land into a series of squares. The original plan only provided for 6 mile by 6 mile squares of land called Townships. Subsequent Congressional acts refined the system and provided for the actual smaller divisions of the standard Township.

This survey system is the predominant land description methodology for all States west of the Mississippi River, other than Texas. Texas has a "Spanish based" land description system similar to Metes and Bounds.

The system first requires that a large land area is selected. The area may be a part of a state or several states depending on physical and political constraints. For example, all of Oregon and Washington fall into one measurement area.

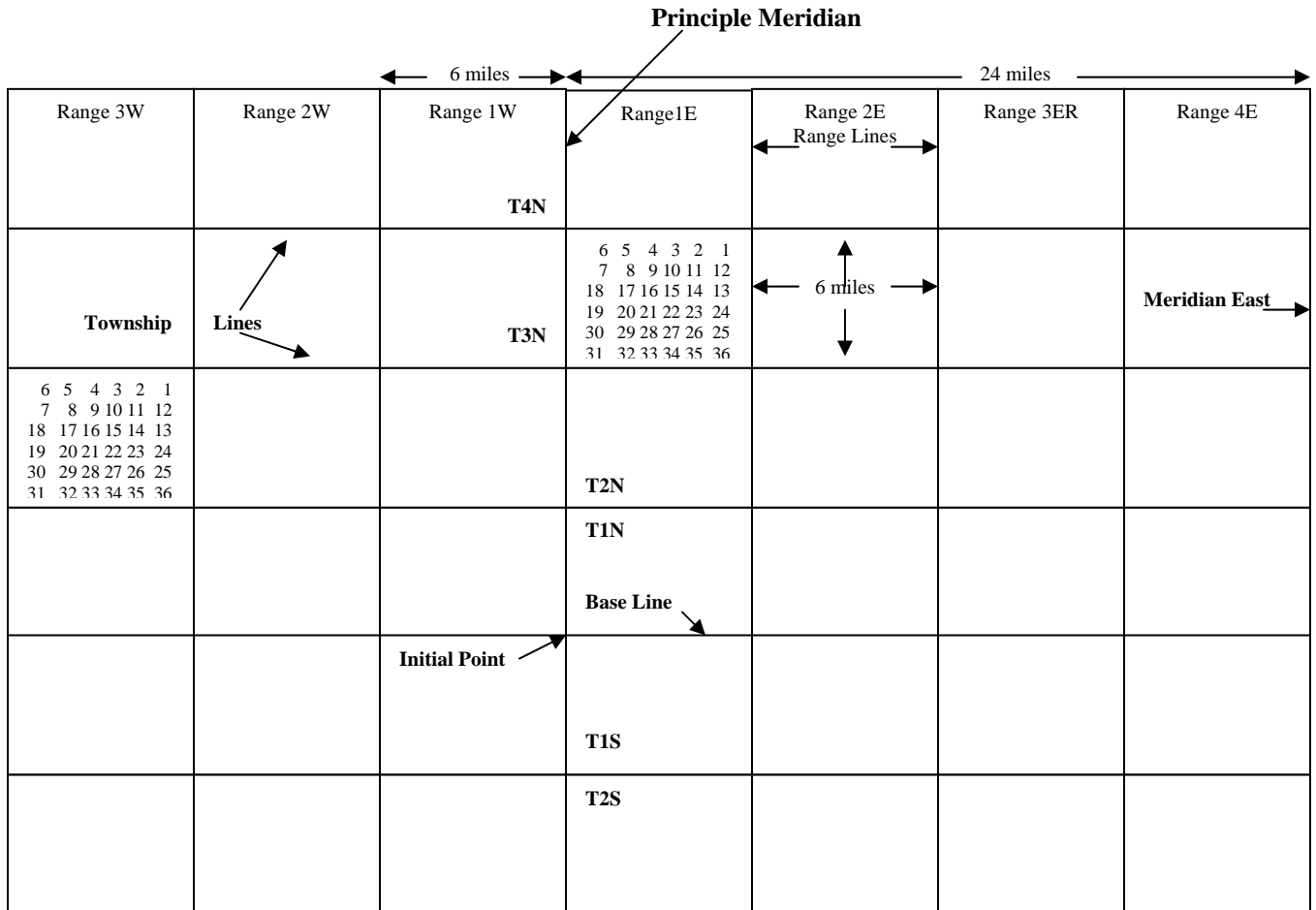
Once the area to be surveyed is selected, a Principal Meridian, a due north-south line is established. In Oregon and Washington, the Principal Meridian is called the Willamette Meridian. The Willamette Meridian lies just west of Portland.

Next, a due east-west line called the Base Line is selected. The point where the Baseline intersects the Willamette Meridian is the starting point for this legal description system. The intersection point for Oregon and Washington is marked with a monument called the Willamette Stone. It is located south of NW Skyline Blvd. at about NW 63<sup>rd</sup> Avenue, or about 1 mile NNW of the Sylvan area of Portland.

Township lines are then surveyed at 6 mile intervals north and south of the Baseline. Range lines are surveyed at 6 mile intervals east and west of the Willamette Meridian. A "checkerboard" of 6 mile by 6 mile squares is the result. Each of these squares is a Township. The Townships are numbered based on how many "tiers" of Townships north or south it lies from the Willamette Baseline and how many rows of Ranges it lies east or west of the Willamette Meridian. On the next page is an illustration where two of the Townships are subdivided into their 36 Sections. The upper one would be numbered T2N, R2W. The lower one would be numbered T3S, R2E.

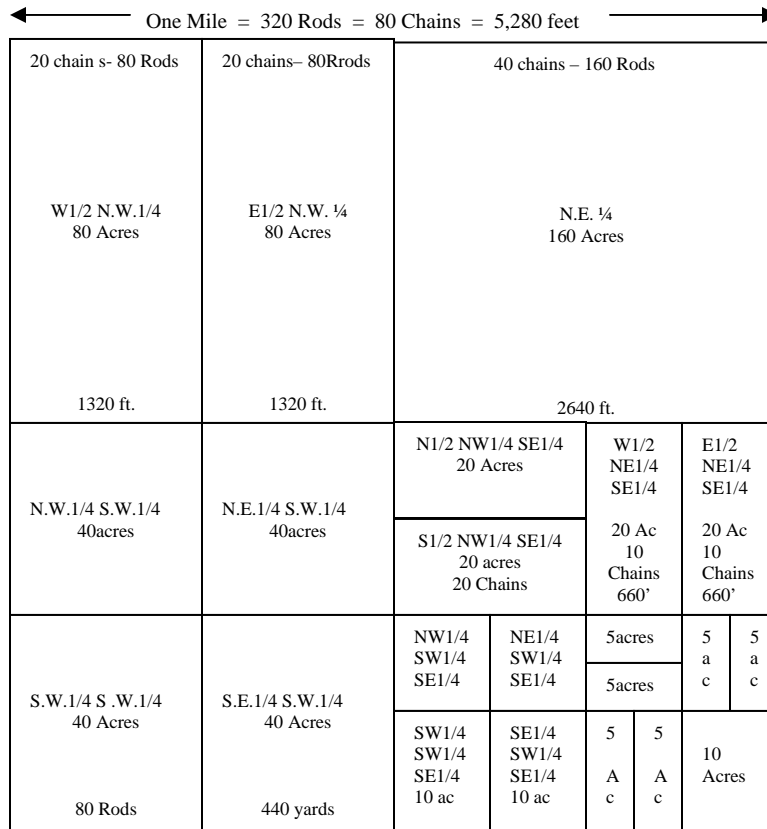
The system works perfectly on a flat surface, but these straight lines are being applied to a world that is round. The east-west Base line and Township lines stay parallel to each other, but the north-south Range lines converge as they approach the North and South Pole. The farther you move away from the Equator, the greater the rate of convergence.

To compensate for curvature convergence, a correction is made every 24 miles as you move away from the initial point. 24 miles is every 4<sup>th</sup> township. This 24 mile by 24 mile area is called a "Check". As you can see, a "Check" contains a block of 16 Townships. The east, south and west sides of the "Check" will be exactly 24 miles. The north side of a "Check" will be less than 24 miles.



The Townships are divided into 36 Sections. Each Section is 1 mile square. The Sections are numbered consecutively beginning in the NE corner of each Township. The numbering continues east to west, drops down a row and continues opposite from west to east. The back and forth numbering continues until the SE corner, Section 36, is reached. The corner Sections of a Township are always 1-6-3 1-36.

### DIVISION OF A SECTION OF LAND



A Standard Section is exactly one mile on each side. It contains 640 acres of land. The eleven sections that are located on the west and north edges of a Township are slightly less than one square mile. They are where corrections for errors in measurements and alignment corrections for curvature of the Earth are shared. The other 25 Sections are normally Standard Sections.

A quick and easy check for the proper acreage contained in a division of a Standard Section is to multiply the denominators (the lower number in a fraction) and divide into 640 acres. For example, W112, NE114, SE 114 = ????? acres.  $2 \times 4 \times 4 = 32$   
 $640/32 = 20$  acres

Be careful when reading these descriptions. A comma means "of the", or a division of, while a semi-colon means "and the", or a second parcel. For example: NW ¼ SW ¼; SE ¼ NW ¼ SE ¼ should be read "The Northwest quarter OF THE Southeast quarter AND THE Southeast quarter OF THE Northwest quarter OF THE Southeast Quarter". This describes a 40acre parcel and a 10 acre parcel. The total is 50 acres. But if the reader were to miss the semi-colon, they could wrongfully conclude that the description is for one parcel of only 0.625 acres.

### LOT AND BLOCK SYSTEM

This system of legal descriptions derived from the Rectangular Survey system and usually is found in urban settings. It originated as the community grew. Land developers had their tract surveyed and platted into blocks and lots. The Plat Map provides for streets and possibly public areas such as open space or parks. Each Block and Lot is numbered for identification on the Plat Map. The Plat Map is filed with the County Recorder. This recorded Plat Map becomes the official permanent reference. The Lot and Block system is simple and convenient. An example might read:

"Lot 6 and Lot 7 in Block 12 in Spangler Ridge Estates, a subdivision of the Southwest Quarter of the Northwest Quarter of Section 18, Township 4 South, Range 1 East of the Willamette Meridian in Clackamas County, Oregon."

### CENTERLINE DESCRIPTIONS

The Right of Way maps that we use at Oregon Department of Transportation base the legal description on the surveyed centerline of the highway. It starts from known monuments, and then describes the centerline much like a Metes and Bounds description. It is quite common to have several centerlines in a given stretch of highway. Each one will relate back to a different project that has taken place in that area. Be sure you know which centerline is the basis for your current descriptions.

Once the centerline is established, it is given "stations" every 100 feet down the length of the centerline. Fee takings and easements are described perpendicularly to given station points. An example would be: "A strip of land lying 40 feet to 50 feet west of the ABCD Centerline".

The two most common math errors concerning centerline descriptions involve "project related improvements" and "remainder parcels".

By law all access rights to a state highway are under Oregon Department of Transportation's regulatory authority. Access to the highway has no inherent value outside the scope of Oregon Department of Transportation's regulatory authority if reasonable access exists. For eminent domain appraisal purposes "reasonable access" is defined as any access that allows some remaining economic use of the property. This does not necessarily mean that the "*remaining economic use*" equals the existing use or the existing Highest and Best Use. (Right of Way Manual 4.480, Access Considerations) When access rights are acquired by Oregon Department of Transportation under eminent domain for the purpose of access control, any loss of value that might occur due to the loss of access is non-compensable as long as reasonable access, as defined, continues to exist.

Closure of accesses through Oregon Department of Transportation's administrative permitting authority does not constitute the taking of access rights and is not handled under eminent domain. Any related loss of value is non-compensable and is not a part of the eminent domain appraisal process. In these situations the department may consider an administrative remedy process as identified in OAR 734-051-0500 - 0530.

If the loss of access leaves the property with less than "reasonable access" (i.e. land-locking the property), the loss of value which results is treated as compensable.

There are two additional instances where access loss by eminent domain acquisition is treated as compensable. These are discussed below.

### **APPRAISING COMPENSABLE ACCESS RIGHTS**

Loss or restriction of access through the acquisition of access rights under eminent domain is compensable under three scenarios: (1) when the right of access is completely removed and the property has no reasonable remaining access (land-locked); (2) when existing access reservations are acquired by the department; (3) when existing grants of access formerly issued for a property by the department are now acquired. In these instances, the loss in value to the larger parcel is the measurement that is used for valuing compensable access restriction damages. (Right of Way Manual 4.480)

This involves a Before and After analysis and should be reported on the Before and After Appraisal form (RPT. 4). In limited cases, and only with prior concurrence from the Right of Way Project Administration Unit Manager or the Appraisal Reviewer, a Taking and Damages Appraisal format (RPT. 3) may be used.

Value Finding Appraisals (RTP. 2) and Administrative Determinations of Value (RPT. 1) may be applicable in certain circumstances where it is obvious that no damages result from the loss of the reservation or grant of access. Appraisal Review concurrence is



required prior to using the Value Finding or Administrative Determination format. Since the before and after thought process is the basis for determining and measuring loss in value, the use of either of these formats in determining compensable access loss impacts would be rare and would require presenting a strong case to the Appraisal Review unit when the request is made.

Appraisers must recognize when doing a Before and After appraisal that identifying and measuring a loss in value due to access restriction by this method may also pick up non-compensable damage items as well. Examples of non-compensable damages are loss of business, circuity of travel or changes in traffic patterns. (See Right of Way Manual 4.450 Non-Compensable Damages.) Likewise when doing a Before and after appraisal for other types of compensable damages, such as proximity issues, non-compensable damages due to access restrictions (when reasonable access remains, etc.) may also be picked up. A careful analysis of the comparable sales used to establish the Before value and those establishing the After value is needed. Any non-compensable damage components picked up in the Before and After comparison should be identified and quantified in the appraisal narrative, but they are to be segregated out and not included in the final value conclusion. The final value is the basis for just compensation and by law can only include compensable damages.

When appraisers value the impacts of acquiring access rights at access reservations or grants of access, they should support their analyses by data developed from the market. Sales of comparable properties in the Before condition and in the After condition should be found and used. Adjustments to the comparable sales should follow the same criteria as for any narrative appraisal. The appraiser should lay out the analysis and the value conclusion in a logical manner that would lead the reader to the same conclusion.

The analysis should also include whether there are any special benefits from the project that may offset compensable damages, including access restrictions. That is standard procedure in all appraisals when dealing with compensable damages. (See 4.465 and 4.480)

As stated above since there is no inherent value for access, the loss in value to the larger parcel is the measurement that is used for valuing compensable access restriction damages. When the value of the access restriction is found to be zero (no damages or change in value), the appraiser must enter \$0 for land acquired and \$0 for Damages on the Allocation Page of the report. Stating a "nominal damage" is not allowable if the market evidence indicates no loss in value. Based on advice from Department of Justice and Right of Way policy, a minimum compensation of \$350 will be added at the time of the Appraisal Review, (See Right of Way Manual Chapter 4.145, Just Compensation and Minimum Payment). An appraiser could not realistically measure a loss in value, or damage, in an amount that small. The market is not that sensitive. So for a loss in value less than \$350, the appraiser should put zero or state that a loss - if any - is too small to measure. When an Administrative Determination of Value format is used and concludes zero or a loss in value too small to measure, the Right of Way staff person "*approving*" the

Administrative Determination in the Region office will set the minimum Just Compensation at \$350.

It should be noted that \$350 is the minimum compensation in all Regions of the State of Oregon. It is never the appraiser that enters the minimum amount. Administration policy is that the Reviewer of the appraisal or the person approving the Administrative Determination enters the minimum compensation amount.

In addition to acquiring access rights, Oregon Department of Transportation can issue anew access right to a highway where access is currently restricted. This is called a grant of access. Grants of access are also valued using a Before and After methodology and report format. The department's selling price for a grant of access is based upon the increase in the value of the parcel as a result of the additional access rights. All discussions pertaining to Before and After appraisals in this guide as well as in the Right of Way Manual apply also to the valuation of these grants of access.

## ACCESS CONTROL DEFINITIONS AND CITATIONS

### "Access Control Line"

Generally seen on Right of Way maps as a series of lines with short dashes. Older Right of Way maps placed the letters "RA" within a circle on each affected property. This Symbol stood for "*Restricted Access*". More modern Right of Way maps do not have this symbol. If access points are to be allowed along the Access Control Line, a perpendicular line with a circled "A" will be shown. This symbol designates a point of access. Restricted access rights will also be shown in the Exhibit A for new projects. The restricted access rights will also be shown on the deed to the property as a Deed Reservation, when the acquisition is completed.

### "Access Controlled"

Ingress to or egress from the highway is either completely prohibited or allowed at one or more specific access locations known as, "*access reservations*." Any allowed access reservations will be identified in the conveyance document to Oregon Department of Transportation.

### "Access Controlled to Highway"

Language will be included in the new conveyance document to control access from ALL of the grantor's remaining property TO THE HIGHWAY. Even if the parcel being acquired does not extend along the entire frontage of the grantor's property, the new document WILL AFFECT the entire frontage. One or more access reservations will be identified (stations and widths) in the conveyance document to provide access from the grantor's remaining property TO THE HIGHWAY.

### **"Access Controlled to Parcel"**

Language will be included in the new conveyance document to control access from ALL of the grantor's remaining property TO THE PARCEL that is being acquired. If the parcel being acquired does not extend along the entire frontage, the new document will NOT AFFECT the remaining frontage. One or more access reservations will be identified (stations and widths) in the conveyance document to provide access from the grantor's remaining property TO THE PARCEL that is being acquired.

### **"Access Reservation"**

Also known as "Deeded Reservations" is a deeded property right from the highway at a specific Engineer's Station. Most access reservations can serve only a specified property, usually the grantor's remaining property.

### **"Access Restricted"**

Access from the highway is completely restricted. This is usually because Oregon Department of Transportation acquired the access rights during a previous highway project. It can also occur as a result of ORS 374.405 which says that on new or realigned segments of highway built after May 12, 1951, adjacent property owners have no abutter's rights of access.

### **"Access Restricted to Highway"**

Language will be included in the new conveyance document to prohibit access from ALL of the grantor's remaining property TO THE HIGHWAY. Even if the parcel being acquired does not extend along the entire frontage, the new document WILL AFFECT the entire frontage. No access reservations will be identified in the conveyance document.

### **"Access Restricted to Parcel"**

Language will be included in the new conveyance document to prohibit access from ALL of the grantor's remaining property TO THE PARCEL that is being acquired. If the parcel being acquired does not extend along the entire frontage, the new document WILL NOT AFFECT the remaining frontage. No access reservations will be identified in the conveyance document.

### **"Grant of Access"**

A deeded conveyance from Oregon Department of Transportation to a property owner for the right of access at a specific Engineer's Station where such rights do not presently exist. Normally the Grant shows a specific approach width and will specify the property to which the right extends.

A Grant of Access is also used to lift a "*farm crossing*" use restriction in an existing access reservation. In each Region, the RAME, (Region Access Management Engineer), in coordination with the District Maintenance Office, will be directly involved in this process. The property owner must pay Oregon Department of Transportation for the new grant of access rights.

### **"Indenture of Access Rights"**

A deeded conveyance to move, to widen, or to lift most use restrictions (other than farm crossings) for an existing access reservation. This can also be the method for converting a private driveway into a public street connection. It is not intended to be used by a City or County acting as an agent for a private developer, who would otherwise need to obtain a Grant of Access Rights. The property owner initiates the Indenture process by submitting an Application for Indenture of Access to the District Office along with a \$200 fee. It is always at Oregon Department of Transportation's discretion whether to approve it or not. The authority to approve indentures has been delegated to the State Right of Way Manager.

In that this is simply moving the location of an existing access right or changing the intended use, it would not be proper to charge an amount equal to any resulting increase in value in addition to the \$200 fee. Therefore, an appraisal would not take place on an Indenture of Access Rights

### **"Joint Use Approach"**

An access reservation that serves more than one property or more than one development.

### **"ORS 374.405-Access Rights of Property Abutting on State Highways."**

*"No rights in or to any state highway, including what is know as right of access, shall accrue to any real property abutting upon any portion of any State Highway constructed, relocated or reconstructed after May 12, 1951, upon right of way, no part of the width of which was acquired prior to May 12, 1951, for public use as a highway, by reason of the real property abutting upon the State Highway."*

### **"ORS 374.4 10-Department of Transportation to prescribe access rights of abutting property."**

*"In connection with any acquisition of real property for Right of Way of any State Highway, Oregon Department of Transportation shall prescribe and define the location, width, nature and extent of any right of access that may be permitted by the Department to pertain to real property described in ORS 374.405."* Oregon Department of Transportation can, at its discretion, establish access reservations to serve property that abuts a new alignment. This may be necessary to avoid land-locking any property. If no access reservations are declared in the conveyance document for a new alignment, access is automatically prohibited.

### **"Throughway"**

Authorized by the Oregon Legislature in 1947; established by the Oregon Highway Commission in 1948. It is a highway specially designed or formally designated for through traffic. No right of access shall accrue to any real property abutting a throughway. Access to throughways shall be controlled: either by access reservations or complete restriction. Specific sections of certain highways have been officially declared as throughways. ORS 374.005-374.095 prescribe that Oregon Department of Transportation establish access control when acquiring any Right of Way for a throughway.

On commercial and industrial properties where there are fixtures, a fixture and equipment report will be completed. Fixtures are personal property which have been attached to the land and therefore are considered realty. The report will contain:

1. Inventory List
2. Photo Record
3. Classification Letter
4. Valuation Report

Prior to the appraisal assignment the Region shall complete the Inventory List, Photo Record and Classification Letter. The Valuation Report may be completed independent of the real property report or included in the assignment given to the Real Property Appraiser. The Appraisal Specification sheet will denote those specialty reports supplied by the State. A Specialty Report Specifications sheet will be included with the Appraisal Specification sheet if the real property appraiser is to complete the Valuation Report.

### **The Inventory List & Photo Record:**

The process begins with contacting the business owner and setting up an appointment to make an inventory of the equipment, photograph it, and determine its ownership.

As the equipment is being inspected, the pertinent information must be obtained; make, model, serial number, size, quantity, etc. The condition, method of attachment, ownership, and location in the building should also be noted. Each item is to be assigned a number which will become the State ID number.

A photograph of each piece of equipment is to provide a visual record of the condition of the item plus a visible numbered tag, which corresponds to the State ID number of the item. The Photo Record is to be completed on the Fixture/Equipment Photo Sheet, form 734-3736.

### **Classification Letter:**

After the inspection and inventory the Fixture and Equipment Classification Letter is to be completed. All items inventoried are to be classified as realty, fixture, or personal property.

## **A. Category I - Real Property**

Those items, although they may be of a nature somewhat peculiar to the subject property, which are normally considered part of the real property itself and are included in the values found in the market are considered real property and classed under Category I.

## **B. Category II -Fixtures**

Fixtures are personal property that has been attached to realty (land and/or improvements) in such a manner as intended not to be removed without substantial damage to the realty. The personal property is therefore considered realty. If fixtures are severed from the land they are then considered personal property. The application of the following three tests determines whether an item is a fixture and included under Category II.

### **1. Annexation**

This test is concerned with the permanency and firmness of an item's physical attachment to the real property. In order to be considered a fixture due to annexation alone, the item must be so firmly annexed that it could not be removed without substantial injury to itself or the realty.

However, a lesser degree of attachment, or a complete lack of attachment does not necessarily preclude an item from being considered a fixture. In those cases the tests of adaptation and intention must be applied to determine whether an item is a fixture.

### **2. Adaptation**

The test for adaptation focuses on whether an item's use is applied to or integrated with the primary use of the realty. The elements generally considered in evaluating the adaptation of an item to the use of the realty consist of the following. Is there:

- a. Consequent loss of value of an item if removed?
- b. Need for the item in order to accomplish the purpose to which the realty is devoted?
- c. Permanency of dedication of the item to the use of the real property? Is the item's use limited to use in the specific real property in question (e.g. hotel waste basket with the name of the hotel permanently attached)?

### **3. Intention**

This test considers evidence of a party's intention in bringing an item onto real property. If the intention at that time was to make the item a permanent part of the realty, and this is supported by evidence of some degree of adaptation or annexation, then the item is considered a fixture. The intent which is considered by this test is that which is readily perceived or inferred, not any uncommunicated or hidden intention.

Tenant-owned improvements concluded to be fixtures are treated as realty and must be appraised for purchase, even though the landlord-tenant agreement may require their removal at its expiration.

### Category III - Personal Property

Personal property not concluded to be a fixture remains personal property. They may be attached or freestanding. They can be removed by uncoupling, unplugging, or otherwise disconnected or removed with no material loss of value to the item or to the real property. They are not an integral part of the function to which the realty is devoted without which all or part of the remaining fixtures could not be used to perform this function.

#### CLASSIFICATION LETTER EXAMPLE

An example of the language to be used in the Classification letter follows:

Date:  
To: Region Appraiser  
From: Appraiser  
Subject: File #: CLASSIFICATION LETTER  
Name:

Section:  
County:  
FAP#:

For the purpose of establishing the property basis to be used by the real estate appraisers in estimating just compensation, the subject property has been inspected and those items which are not normally found in real property and/or which are peculiar to the specific operation conducted upon the subject property have been listed.

Based upon the manner of annexation or attachment to the realty, the adaptation of the item to the realty and the apparent intention at the time of annexation or attachment, determinations are set forth as follows:

#### CATEGORY I

The following items are so attached as to be considered part of the real property itself, and while of a nature somewhat peculiar to the subject property, they would normally be included in the values as found by the real estate appraiser. The real estate appraiser must value these items and adjust the comparable sales data to reflect their contributory value if functionally similar items are not included in the sale price.

This classification letter contains all items in the Inventory List and is numbered using the State ID number. Attached is the Inventory List and Photo Record.  
(Classed items listed here)

## Valuation Report:

The valuation report will list the fixtures and equipment under categories I and II giving a detailed description. Identification of the item, such as model number, size, etc., that would be necessary to determine the cost new must be part of the description. The list shall contain the present market value, replacement/reproduction cost, and salvage value for each item. The report will provide documentation of the sources used to arrive at the reproduction cost or cost new for each item. The report will also provide an estimate of the total depreciation present with a documented analysis for the conclusion.

**Salvage value** is defined as the probable sale price of an item, if offered for sale on the condition that it will be removed from the property at the buyer's expense, allowing reasonable time to find a person buying with knowledge of the uses and purposes for which it is adaptable and capable of being used, including separate use of serviceable components and scrap when there is no reasonable prospect of sale except on that basis.

As stated the valuation report will list values for each individual item rather than a total for each category or a total for all fixtures. The real property appraiser shall determine how each individual item may contribute to the over all value of the property. This determination is listed under paragraph 16 of the appraisal reports. The individual valuation is very important to the State's acquisition program; it is paramount that this section be complete and accurate. A copy of the Fixture and Equipment Report (all four parts) is to be included with the appraisal report unless otherwise specified by the Region Right of Way Project Manager and agreed to by the Project Appraisal Reviewer.



## 1. CERTIFICATE OF APPRAISER

The original and each copy of the appraisal shall have a signed and dated certificate attached. The date of valuation should be the last date of physical inspection of the property or that date set by the-agency. All revisions require a new certificate.

## 2. EXHIBIT A - LEGAL DESCRIPTION

The Exhibit A - Legal Description is the description of the property to be appraised. This description needs to be discussed in the body of the appraisal report and included as an attachment to the report itself. The cover page to the legal description are not to be included in the appraisal report.

## 3. PHOTO PAGES

Sufficient photographs must be supplied to portray a picture of the Subject property. Particular attention should be given to any improvements, and the effect of the acquisition on the remainder should be captured insofar as is possible. Interior photos of each room of improvements potentially affected by the acquisition are mandatory.

The appraiser should use photos:

- To make an appraisal more meaningful, more convincing, more understandable to all persons who make use of it.
- To relate the right of way line to improvements and to picture features having positive and negative economic impact to the value of the real estate.
- To provide the type of pictures that will make good court exhibits.
- To assist others in locating and identifying the property.

### Requirements

#### The Number Of Pictures Varies

A vacant lot requires at least three. One frontal (the frontal view needs to show as much of the property and adjoining parcels as possible) and one each direction along the right of way line as indicated in Figure #1 on the next page.

Improved parcels require the three taken for a vacant lot, also at least one picture of each major improvement (e.g. wells, canals, houses, garages, main structures, auxiliary

structures, etc.). If the improvement is to be acquired, have full coverage of the exterior and interior.

Extreme negative features and features of unusual value are to be photographed. For example: a remodeled kitchen or bath, new furnace, finished basement on the positive side; falling plaster, cracked basement foundation, highly obsolete or defective fixtures on the negative side are all subjects to be photographed.

#### **A Look To The Future:**

Take pictures as indicated by Figure #1, so that after the project is completed subsequent pictures can be taken from the same location. This will provide the completed photography for a graphic "Before" and "After" study or exhibit.

#### **Identify Location From Which Each Picture Was Taken:**

Every appraisal shall include a section of the R/W map indicating the exact location from which each photo is taken. These locations are to be marked with symbols indicating the direction the photo was taken.

#### **Composition**

- a. When photographing a house be sure to include the edge of the road or street, curb, and sidewalks that exist in front of the house.
- b. When photographing buildings or other appurtenances, move away from the building only far enough so that the entire building will show in the picture.
- c. When photographing some particular element or feature of value or depreciation, move in close enough so that the picture will have the best possible detail of the story you are trying to tell.
- d. Views showing two sides of an improvement are generally better than those showing only one side. Capture as many views as necessary to tell your story.
- e. Pictures indicating the location of the existing right of way line are just as essential as for new right of way line locations on widening projects.

#### **4. MAPS**

Maps indicating the subject's location in relation to regional and neighborhood characteristics are required, as are maps showing the location of the comparables in relation to the subject. The sales map must have enough detail to allow the review appraiser to locate the sales (actual street names, directions, and location in relation to regional access).

#### **5. COMPARABLE SALES AND RENTAL SHEETS**

The comparable sales used to establish market data within the various valuation approaches used in the appraisal are to be reported using Oregon Department of Transportation comparable sales sheets attached to the report. It is mandatory that properly verified sales sheets be attached to Reports 7 through 14, Report 17, and Report 20. Under certain circumstances Reports 15, 16 & 19 will require that sales sheets be attached.

The various comparable sales sheets are:

- Report 2: Unimproved Land
- Report 3: Residential (SFR)
- Report 4: Commercial/Industrial, improved or unimproved
- Report 5: Apartment Property
- Report 6: Farm/Ranch, improved or unimproved

These reports are designed to record the normal aspects of a comparable sale under these uses. For example the Farm/Ranch Comparable Sale form provides space for land classification, water rights, and building descriptions. This form is appropriate for both vacant and improved farm and ranch properties. Oregon Department of Transportation consultant appraisers can obtain these forms, and all the appraisal forms, from the Oregon Department of Transportation Right of Way internet site: <http://www.oregon.gov/ODOT/HWY/ROW/publications.shtml>

The appraiser should get clarification from the Region Right of Way Project Manager if there is confusion over which sales sheet forms are appropriate for the appraisal assignment.

Throughout the sales sheets the appraiser should fill in the blank spaces with an appropriate response. If something does not apply, state so or state "N/A". In some cases the reason a something does not apply should be explained and documented. In others, further explanation is expected; for instance if the sale is not cash equivalent then the appraiser is expected to supply the analysis and explanation of what value is cash equivalent.

### Sales Verification

The Right of Way Manual states: *"The appraiser must verify sale amounts, the terms and conditions of the sale, and whether it is representative of the market. Verification of sales data should be done with the buyer, seller or the real estate broker or salesperson actually involved in the transaction and in that order of preference."* Verification by the writer of the report or persons of the same staff is required. The following is a suggested list of issues which should be addressed in verifying sales:

#### Terms of Sale

- Price
- Contract
- Down Payment
- Interest Rate
- Contract term

#### **What did the Sale include**

- Furniture
- Fixtures and equipment
- Assessments
- Have changes been made since the sale
- Did the sale include other real property

#### **Why did the Seller sell**

- Do you believe it was a "good deal"
- How long was the property on the market
- Did you list the property

#### **Why did the Buyer purchase this particular property**

- Do you believe it was a "good deal"
- What other properties did you look at
- How long did you look before you bought

#### **How was the price determined**

#### **Is the property rented or leased**

- What are the existing rental rates
- What are the lease terms
- What were the rates at the time of sale

#### **What type of income does the property produce**

- Is the rent set on a base figure
- Is there a percentage or overage clause
- Are increases set in the terms

This list is not to be considered all inclusive but is meant only to indicate the various areas which should be explored.

## **6. PROJECT SALES BOOK (a.k.a. PROJECT DATA BOOK)**

A project sales book, sometimes called a project data book, is a compilation of all the comparable sales and market data pertinent to the specific project being worked on. A project sales book may be used by Oregon Department of Transportation staff appraisers as a reference in lieu of attached individual sales sheets on the Value Finding Appraisal (Rpt. 15) and the Appraisal Waiver Valuation form (Rpt 1). The following conditions must be met:

- a. The sales and market data in the sales book must be verified by one or more Oregon Department of Transportation staff appraisers. Sales verified by fee appraisers may not be used.

- b. All Oregon Department of Transportation staff appraisers who will use the sales book data must view the sales and sign-off on the book that they are in agreement with the verification information.
- c. The project sales book must be submitted to the project Appraisal Reviewer for review and approval prior to use.
- d. Adjustments that address current market conditions (time, cash-equivalence) may be discussed and applied to the sales within the project sale book. Adjustments addressing differences between the sales and the specific properties being appraised (e.g. size, shape, condition, etc.) must be discussed and applied within the appraisal report.

## 7. OTHER DESCRIPTIVE MATERIALS

Charts, plans, estimates, and other materials used in the valuation of the subject and referred to in the appraisal are to be attached to the report in the addendum.

The following two reports are used for the valuation of Oregon Department of Transportation surplus property prior to sale. State law requires that property purchased with Highway Trust Fund dollars are to be sold at market value.

- **REPORT 19 - ODOT SURPLUS PROPERTY ESTIMATE - \$20,000 or Less**

<b>REPORT 19 (RPT 19) FOR PROPERTIES VALUED AT \$20,000 OR LESS</b>		File No:
Address/Location of property	Section:	
	Highway:	
	County:	
	Appraiser:	
	Inspection Date:	

The top section of this first page includes basic information: File No., Section of the Highway; the Highway; the County where the property is located; the Name of the Appraiser, the date the appraiser inspected the property; and the Address/location of the property.

If there is no street address or the appraiser has difficulty locating the subject, this is the appraiser’s opportunity to clearly inform others of how to locate the subject.

Zoning and Comprehensive Plan Designation:

Present Use:

Highest and Best Use:

Description Date:

Area (size) of Surplus Property:

Five Year Sales History of Subject Property:

Physical Description of the Subject, including Access:

The middle portion of the first page provides basic facts and descriptive information for valuing the subject property.

**ZONING AND COMPREHENSIVE PLAN DESIGNATION:** This is the starting point for the valuation of a Surplus Property. The Zoning and Comprehensive plan will indicate the likely legal development possibilities. Often no zoning has been applied to Oregon Department of Transportation excess property because it is governmentally owned. Here, the appraiser must visit with the local planning authorities and ascertain from them the answer to the theoretic question, "If this property were currently owned by an individual, what zoning would the County/City most likely impose." Of course, that needs a follow-up question concerning the possibility and probability of gaining a zone change.

**PRESENT USE:** Describe the present use. The present use may not be the highest and best use.

**HIGHEST AND BEST USE:** The appraiser needs to explain the determination of Highest and Best use and summarize it with wording like stand alone site, assemblage or plottage; with land uses as residential, commercial, or industrial. Note: All Property Management appraisals must determine the Stand Alone and Assemblage Value for the property. The appraiser must briefly explain the most reasonable, physically possible, financially feasible, and legally possible scenario that results in the highest value determination under each of the two value concepts. It is critical that the appraiser discusses the Highest and Best use in each scenario.

**DESCRIPTION DATE:** It is important to include the Date of the Legal Description of the Surplus Property. It may be quite old. It could be the Legal Description that was used when Oregon Department of Transportation purchased the property. As long as it clearly describes the boundaries of the parcel Oregon Department of Transportation is selling, the age is not a problem. The Property Management (PM) Unit, hopefully, has researched the property to assure that additional land has not been added to the original purchase or if some land has not been removed from the original purchase. Any change in boundaries or area would require a new Legal Description so be sure to have and use the most up to date description. If in doubt, consult with the PM Unit.

**AREA OF ENTIRE PROPERTY:** This would be the area as shown on the Legal Description prepared by Oregon Department of Transportation. Often, Oregon Department of Transportation and the County records do not show the exact same area for a parcel. The property was purchased under the Oregon Department of Transportation Legal Description. Additions or subtractions would have been by an Oregon Department of Transportation Legal Description. The latest Oregon Department of Transportation Legal Description is the most defensible description should a boundary dispute arise in the future. Therefore, if there are some differences in areas consult with the PM Unit and always rely on the Oregon Department of Transportation description that has been provided

**FIVE YEAR SALE HISTORY OF SUBJECT PROPERTY:** In most cases, Oregon Department of Transportation will have owned a Surplus Property for a substantial period of time. In those cases, the answer to this item will be, "Subject has not sold within the past 5 years". As a remnant from a former right of way taking, most former sales would have a new highest and best use and the former sale would be not applicable.

**PHYSICAL DESCRIPTION OF THE ENTIRE PROPERTY, INCLUDING ACCESS:** This area allows brief description of the physical attributes of the subject. Include pertinent facts like shape, size, dimensions, topography, utilities, access, location, exposure, site improvements, easements, etc.

In this part of the PM Appraisal, the level of Sales documentation will vary depending upon the value of the Surplus Property.

**\$5,000 or less:** Sales Sheets can be in a file in your office, in a current appraisal of a similar property, or in a Project Data Book. If they are current and highly similar to the subject you can “incorporate them by reference”.

**\$5,001 to \$20,000:** The Comparable Sales being used must be compared and contrasted to the subject and a complete Sales Sheet including photos must be attached to the report for each Comparable Sale.

**VALUATION:** (Must consider value of subject under two premises: 1/assemblage to adjacent land; 2/Independent site)

This is the narrative discussion of the valuation process. The valuation of the subject must be done under two premises: 1) assemblage to the most logical adjacent property (Assemblage Value), and 2) as an independent site (Stand Alone Value).

The Assemblage Value represents the contributory value that the surplus property would provide to an adjacent property to which it most likely would assemble. The Stand Alone Site value of property is as it describes the value of the property in its present condition.

Under premise #1, (Assemblage Value) unless the assemblage of the subject enhances the Highest and Best Use of the adjacent property, the assemblage value would equal an “across the fence” value. For example, if the adjacent property is a 10 acre piece of agricultural land at, say, \$4,000 per acre and the subject is a 1 acre piece of similar land, the “across the fence” value of the subject would be \$4,000. If, however, the assemblage would increase the Highest and Best Use of the adjacent property, then the value of the subject property as assemblage should be based on that increased value. For example, if the adjacent property is a 1.5 acre homesite located within a 1 acre minimum residential zoning and the subject property is a half acre site, assembling the subject to the adjacent property would change the Highest and Best Use of the adjacent property to two one acre home sites. If the 1.5 acre oversized homesite is valued at, say, \$20,000 and a one acre site is valued at \$15,000, assembling the half acre subject property results in a value of \$30,000 for a property having two developable 1 acre home sites. That would make the assemblage value of the subject \$10,000.



**Documentation:**

- Value of \$5,000 or less – Documentation requires references to sales data only (Sales sheets not required)
- Value of \$5,001 to \$20,000 - Documentation requires comparable sales analysis and sales sheets with photos attached

Under premise #2, (Stand Alone Value) the subject is valued as an independent, stand-alone site. Sales data included or referenced should be of similar properties having the same Highest and Best Use. If the subject cannot stand alone as an independent site, due to size limitations, zoning requirements, etc. then the appraiser should so indicate in this part of the report when addressing its independent site value.

**Valuation Summary**

(CHOOSE VALUATION SUMMARY AS DETERMINED BY HIGHEST AND BEST USE ANALYSIS)

**VALUATION SUMMARY AS ASSEMBLAGE TO ADJACENT LAND:**

LAND:

PARCEL	AREA	UNIT PRICE	AMOUNT
1. _____		@ \$ _____	\$ _____
2. _____		@ \$ _____	\$ _____
3. _____		@ \$ _____	\$ _____
4. _____		@ \$ _____	\$ _____

TOTAL FOR LAND: \$ \_\_\_\_\_

VALUE FOR ANY IMPROVEMENTS: \$ \_\_\_\_\_

TOTAL VALUE AS ASSEMBLAGE: \$ \_\_\_\_\_

**VALUATION SUMMARY AS AN INDEPENDENT SITE:**

LAND:

PARCEL	AREA	UNIT PRICE	AMOUNT
1. _____		@ \$ _____	\$ _____
2. _____		@ \$ _____	\$ _____
3. _____		@ \$ _____	\$ _____
4. _____		@ \$ _____	\$ _____

TOTAL FOR LAND: \$ \_\_\_\_\_

VALUE FOR ANY IMPROVEMENTS: \$ \_\_\_\_\_

TOTAL VALUE AS AN INDEPENDENT SITE: \$ \_\_\_\_\_

Attach photo page to depict the principle improvements and/or major items of value. Attach a copy of the right of way map or a plot plan of the subject property

**PICTURES OF THE SURPLUS PROPERTY:** Photos in an appraisal should show and illustrate unique items or values of the subject. If the property has a substantial stand of marketable timber, find a physical point where you can take a picture that illustrates the nature and extent of that asset. If the property has a valuable river frontage or scenic vista component, show it in the photos.

**MAPS:** Normally, the appraisal assignment will provide a copy of one or more maps of the subject property. These could come from a R/W map, Tax Lot maps, or a recorded drawing. Old stock pile sites, gravel and rock sources and haul roads typically were described as a recorded drawing. It is important that these maps are reproduced in the addenda of the appraisal report.

**CERTIFICATE OF APPRAISER:**

This is the standard Certification page that one finds in every Oregon Department of Transportation appraisal. Fee appraiser's can add supplemental paragraphs and additional certifications complying with professional organization requirements. Courtesy notification of additions is recommended.

- **REPORT 20 (RPT 20) - SURPLUS PROPERTY APPRAISAL REPORT Over \$20,000**

1.	Property Owner (Oregon Dept. of Transportation)			File No:
			Section:	
2.	Property Location:		Highway:	
			County:	
3.	Tenancy (if any)		Eng. Sta.	
			Descript. Date:	
	Tenant:		FAP#:	
	Address:	Phone:	Appraiser:	
	Rent: <input type="checkbox"/> Lease: <input type="checkbox"/> Rate: \$ Lease Term:		Inspection Date:	

1. 2. 3. The top section of this first page includes basic information: File No., Section of the Highway; County where the property is located; Engineering Station; Description Date; Federal Aid Primary #, Name of the Appraiser; Inspection Date; Address/location of the property; and (if applicable) tenant information.

If there is no street address or the appraiser has difficulty locating the subject, this is the appraiser's opportunity to clearly inform others of how to locate the subject. The items in the upper right information block will be given to the appraiser by the PM Agent as a part of the

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appraisal specifications. The Appraiser will need to fill in the actual date they inspected the property.

Most of Oregon Department of Transportation's Surplus Properties are not occupied. In the event that a surplus property is rented, the PM Agent contracting for the appraisal should provide all of the pertinent data to the appraiser.

4. Area (size) of Surplus Property:

**4. AREA OF THE PROPERTY:** This will be found in the Legal Description that is being used. If a conflict with the County records appears, note the difference in the report, but assume the Oregon Department of Transportation legal Description is accurate.

5. Access: Proposed Access Location:

- Access completely restricted to highway:
- Access controlled to highway by permit:
- 

**5. ACCESS:** The means of access can have a substantial impact on the property. If "apparent" access points are visible on the property, be sure to check to make sure that they are legal and that a buyer will be able to use them. If subject of "apparent" v. "actual" points of access is not clear, the appraisal may be in error and/or any sale of the subject property may be voidable based on misstatement of a material fact.

6. Land Use Regulations	
Zoning:	Comp. Plan Designation:
Uses Permitted:	
Present Use:	

**6. LAND USE REGULATIONS:** This is the starting point for the valuation of a Surplus Property. The Zoning and Comprehensive plan will indicate the likely legal development possibilities. Often no zoning has been applied to Oregon Department of Transportation excess property because it is governmentally owned. Here, the appraiser must visit with the local planning authorities and ascertain from them the answer to the theoretic question, "If this property were currently owned by an individual, what zoning would the County/City most likely impose." Of course, that needs a follow-up question concerning the possibility and probability of gaining a zone change.

7. Highest and Best Use:	
Site as if vacant:	
Site as improved:	

**7. HIGHEST AND BEST USE:** The appraiser needs to explain the determination of Highest and Best use and summarize with wording like stand alone site, assemblage or plottage; with land uses

as residential, commercial, or industrial. Note: All Property Management appraisals must determine the Stand Alone and Assemblage Value for the property. The appraiser must briefly explain the most reasonable, physically possible, financially feasible, and legally possible scenario that results in the highest value determination under each of the two value concepts. It is critical that the appraiser discusses the Highest and Best use in each scenario.

8. Utilities:	
Current Facilities:	
Possible Facilities:	

**8. UTILITIES:** The level of current and available utilities will have an impact on the level of development. Certain uses will require a large capacity for water and sewer. Availability of electricity and telephone will impact the desirability of the site. Be careful not to speculate on “possible utilities”. Value may be “as is”; with the market determining the potential for utilities. The appraiser needs to explain and analyze the facts in the appraisal.

9. Value Summary	
Independent Site Value	\$
Assemblage Value	\$
Valuations made by others as shown above are included as a part of the total data considered in arriving at my final conclusion of value.	

**9. VALUE SUMMARY:** The appraiser should note that both the Independent Site value and the Assemblage value are shown as a total here. A more detailed description of these two values will appear in the following subject heading “VALUATION CONCEPTS”.

There is also a note at the bottom of Point 9 that refers to “valuations by others”. In some PM appraisals, primarily involving timber assets, a specialty report is called for. Most appraisers are not qualified to value the timber component, so a Timber Cruise is ordered and built into the appraisal report. In other cases, where only timber assets are the issue, there are a handful of appraisers/timber cruisers that can provide the entire appraisal product and allocate between land value and timber value.

If a separate Specialty Report is part of the appraisal, the asset being valued and the name of the person providing the specialty valuation should be listed at this point in the report. Further, the entire Specialty Report must be included in the addendum section of this appraisal.

<b>VALUATION CONCEPTS</b>
<p><b>Purpose of the appraisal:</b> To estimate the fair market value of the subject property for the purpose of sale. Public policy is to market surplus property in a manner securing the greatest net return to the public ownership. Thus, subject property is to be appraised and report to include the following values unless otherwise directed.</p> <ul style="list-style-type: none"> <li>• A fair market stand-alone site value (independent site value)</li> <li>• Across the fence value derived by assemblage with an adjacent property</li> <li>• Enhancement value to the adjoining property that Subject that would most likely be assembled with. As per 23 CFR 713, Subpart C, which indicates FHWA policy to market property in a manner that will secure the greatest net return, evaluate / discuss how subject contributes to adjacent property(s) based on principle of enhancement. This is often determined by a valuation of the adjacent property, before and after assemblage with the ODOT parcel (subject), to determining how the adjacent property’s use has been enhanced.</li> </ul>

## VALUATION CONCEPTS:

**INDEPENDENT SITE VALUE:** This is also called “stand-alone” value. It is the value of the property as an independent, separate commodity.

**ASSEMBLAGE VALUE:** This is the value of the property as if it were merged with an adjoining property that would result in the greatest return. It is the most reasonable, physically possible, financially feasible, and legally possible use. Theoretically, the value of the subject may be less than, equal to, or greater than the adjacent property. As assemblage, Excess Property often is “equal to”, the adjoining property; we refer to this as “across-the-fence” value. If the addition of Excess Property results in an increase in the adjoining parcel or value greater than anticipated value based on “across the fence” valuation then”, we refer to it as Plottage Increment, or Enhancement Value.

For most PM appraisals, the appraiser will use Assemblage Value or “across the fence” value. Plottage or Enhancement Value should be avoided unless specific instructions are included in the appraisal specifications. If Enhancement value is specified as part of the Scope of the PM appraisal, a meeting and understanding of its application should occur involving the PM agent, the appraiser and a Review Appraiser from R/W headquarters.

General Data		
10. I have also made the following assumptions:		
11. Preliminary title report furnished and examined: I have given consideration to any exceptions or limiting conditions therein that affect the value of subject property. Please explain the exceptions and limiting conditions:		
12. Subject property has sold within the last 5 years:	Yes	No
13. NEIGHBORHOOD DESCRIPTION:		
14. COURTHOUSE DATA: Map & Tax Lot:		
Land Area:		
Assessed Value:	Year	
Land value:		
Improvements:		
Date Built:	Date purchased:	Date Remodeled:

**10. ASSUMPTIONS:** Assumptions for the appraisal often are provided by the contracting Agent. Assumptions in an appraisal indicate items that if not valid might invalidate the value conclusion. Avoid making assumptions that you can verify with facts or clarify with additional research or verification with others. Assumptions limit your conclusion and if incorrect require a revised appraisal.

**11. PRELIMINARY TITLE REPORT:** Preliminary Title provides information to the appraiser regarding recorded limitations and defects in the title. The appraiser should be aware of

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easements, encumbrances, and limiting conditions that are available in the Preliminary Title Report.

**12. SALE OF SUBJECT:** In most cases, Oregon Department of Transportation will have owned a Surplus Property for a substantial period of time. In those cases, the answer to this item will be, "Subject has not sold within the past 5 years". As a remnant from a former right of way taking, most former sales would have a new highest and best use and the former sale would be not applicable.

**13. NEIGHBORHOOD DESCRIPTION:** Provide a succinct description of the subject's neighborhood and its relation to the urban or rural community. The goal of the neighborhood analysis is to determine how social, economic, governmental, and environmental forces influence property value in the subject area. The State is not looking for long dissertations, but accurate descriptions pertinent to the appraisal problem.

**15. DETAILED DESCRIPTION OF SUBJECT PROPERTY:**

(A) Area

(B) Zoning:

(C) Utilities:

(D) Present Use:

(E) Access:

Present Access:

Expected Access at time of sale:

(F) Improvements:

**14. COURT HOUSE DATA:** Assessed valuation provides important information in helping to understand a property. Taxes, allocation to land and improvements plus any special assessments on Subject property if available or on properties in Subject's neighborhood can assist in the appraiser's knowledge of the subject. Often there is no or very little specific court house data on surplus property.

**DETAILED DESCRIPTION OF THE SUBJECT PROPERTY:** This area should be split into two separate and distinct sections. First, the subject should be described, and analyzed considering its attributes as an Independent site.

Secondly, the subject should be described with it's attributes as an Assemblage to the most logical adjacent property.

**16. DETAILED DESCRIPTION OF ADJACENT PROPERTY(S) SUBJECT WOULD LIKELY ASSEMBLE WITH:**

- (A) Area(s) of **Adjacent Property(s)**:
- (B) Present Use(s):
- (C) Zoning:
- (D) Utilities:
- (E) Access:
- (G) Highest and Best Use of the adjacent property Before and After assembled with Subject:

**16. DETAILED DESCRIPTION OF ADJACENT PROPERTY SUBJECT WOULD LIKELY ASSEMBLE WITH:** This would be where the actual analysis of the subject would occur based on its Assemblage value. The analysis should consider "Across-the-Fence" value. Assemblage properties do not meet the tests for Fair Market Value. There are only one or a few adjoining parcels "not a large number of buyers" and the buyers are typically "not especially motivated to buy".

As stated earlier, Enhancement Value should only be developed if the appraiser is so instructed in the appraisal assignment.

**17. HIGHEST AND BEST USE ANALYSIS:**

Discuss Subject highest and best use as:

- a.) As an Independent Site:
- b.) As it assembled to an adjacent property

**17. HIGHEST AND BEST USE ANALYSIS:** Once the appraiser has applied the four tests for highest and best use - legally permissible, physically possible, financially feasible, and maximally productive - to the subject the appraiser must consider Independent Site Value and Assemblage Value. The Highest and Best Use would be the use that produces the greater value. There will always be an Assemblage Value, but it may be more difficult to determine an Independent Site Value. As an example, the subject could be too small to meet the test of being a legal lot. In that case, the appraiser must closely analyze the market place to determine a value for undersized lots.

If the subject has an Independent Site Value greater or equal to its Assemblage value, then the highest return to the subject is Independent Site Value. Highest and Best Use and Value are only a part of the data that will lead to a marketing strategy. It is important for the appraiser to remember that Fair Market Value is an elusive target when only one or a small number of adjoining owners make up the potential market. Some adjoining properties may only incur a small or marginal benefit from addition of the Oregon Department of Transportation surplus.

In determining the Stand Alone value, if the appraiser concluded that the subject was of limited use as assemblage with a value that was below across the fence value, then an additional step

needs to take place. The appraiser would start with the “across the fence” value, then search the market for the proper discount factor that needs to be applied as an adjustment. As an Example: The market may show that Excess Properties of this type and size only sell for 20% of their “stand alone” neighbor’s unit value. This would indicate an 80% downward adjustment from the “across the fence” value.

**18. HAZARDOUS WASTE INVESTIGATION STATEMENT:**

**18. HAZARDOUS WASTE INVESTIGATION STATEMENT:** Not all factors of contamination are known to Oregon Department of Transportation, because we own the property. Those known items will be shared with the appraiser at the time of appraisal fee bidding.

The appraiser needs to take special precaution when inspecting any property, especially rural properties. Oregon Department of Transportation has become a target for dumping of unwanted materials. A dangerous part of that dumping can be the chemicals used in illegal drug operations. DO NOT under any circumstances “kick” or otherwise disturb anything resembling chemical or hazardous waste. You need to notify the PM Unit immediately of such discoveries and note the finding in this Investigation Statement. The PM Unit will promptly turn this information over to the Region “Hazmat” representatives for clean-up. Additional discussion is found in Section 8, Valuation of Contaminated Properties.

**VALUATION OF SUBJECT PROPERTY AS AN INDEPENDENT SITE**

19. (A) DISCUSS SALES AND ADJUSTMENTS:  
(B)  NOT APPLICABLE:

**19. VALUATION AS AN INDEPENDENT SITE:** If the subject can not legally be developed, simply mark the “not applicable” box. If the subject is a “stand-alone site”, then the analysis grid should be completed.



20. (A) SHOW RELATIONSHIP OF COMPARABLE SALES TO SUBJECT:

**INDEPENDENT SITE LAND SALES ADJUSTMENT GRID**

ITEM	Subject	Comparable 1	Comparable 2	Comparable 3
Sales Price				
Sales Date				
Unit Price				
Location				
Terms				
Zone				
Size				
Topography				
Access				
Improvements				
Adj. Unit Price				
INDICATED VALUE				

**20. (B) INDEPENDENT SITE VALUE CONCLUSION:**

The grid is designed to allow the appraiser to compare and contrast the Comparable Sales to the Subject Property. The boxes within the grid are for making adjustments to the Comparables with a goal of approximating the Indicated Value of the Subject based on the "Independent Site Value".

As with most adjustments, you are adjusting toward the subject so the actual adjustment becomes an "opposite entry". For example, if the Subject has better topography than does Comparable Sale #1, a positive adjustment to Comparable Sale #1 would be called for. The appraiser is really saying, "Comp. #1 actually sold for \$3,000 per acre, but if its topography were as good as subject, it would have sold for \$3,500 per acre. This would be a +\$500/acre adjustment to topography and an Indicated Value at \$3,500 per acre.

The values for the Comparable sales, after making all plus and minus adjustments, will result in an Indicated Subject Value based on that Comparable. The 3 or more Indicated Values will provide an indicated value range. The appraiser will now need to conclude an Independent Site Value from the adjusted sales.

This is not an "averaging" process. It is an analysis of the Comparable Sales in relation to the Subject Property. Often, appraisers will lean toward the least adjusted Comparable Sale. Logically, the Sale that required the fewest adjustments is the most similar to the Subject. Consider reliability of your data. You may want to rely on really good data and confirmation even if a sale has more adjustments. This is the "art" of appraising. Based on the appraisers "feel" for the data, they may reconcile to one sale or "in between the two most representative sales". A recent Fair Market Sale of the subject property probably provides the best evidence.

## AS ASSEMBLAGE (ACROSS THE FENCE) VALUE

21. (A) DISCUSS SALES AND ADJUSTMENTS  
 (B)  NOT APPLICABLE

**21. VALUATION AS ASSEMBLAGE (ACROSS THE FENCE):** If the subject is valued as assemblage to an adjoining parcel continue to #22 and the sales grid. If Assemblage is not used, simply mark the “not applicable” box.

22. (A) SHOW RELATIONSHIP OF COMPARABLE SALES DATA TO SUBJECT:

ITEM	Subject	Comparable 1	Comparable 2	Comparable 3
Sales Price				
Sales Date				
Unit Price				
Location				
Terms				
Zone				
Size				
Topography				
Access				
Improvements				
Adj. Unit Price				
INDICATED VALUE				

**22. B) CONCLUSION OF ASSEMBLAGE VALUATION (ACROSS THE FENCE VALUE):**

This section of the report is a grid designed to allow the appraiser to compare and contrast the Comparable Sales to Adjoining Property which Subject will likely be assembled. The boxes within the grid are for making adjustments to the Comparables with a goal of approximating the Indicated Value of the Subject. If the appraiser concluded that the subject were equal in value to the abutting properties, then the Comparables used should be the same types of sales that would have been used to appraise the abutting properties.

This area is also for discussion of the sales and adjustments. It is essential the reasoning for adjustments be explained so the reader can understand how the appraiser arrived at their concluded value. Unexplained adjustments are not acceptable.

## VALUATION SUMMARY

23.					
		SUBJECT	AREA	UNIT PRICE	AMOUNT
1.	Independent Site Value			@ \$	\$
2.				@ \$	\$
3.				@ \$	\$

HIGHEST VALUE SHOWN \$ \_\_\_\_\_  
 REPORTS BY OTHERS:

**23. VALUATION SUMMARY:** The Property Management Unit is charged with returning the greatest reasonable return from the sale of Surplus Property. Point 23 is aimed directly at meeting that charge. There is also an area here for the appraiser to note the use of any Specialty Reports that were relied on for making this valuation. A copy of the Specialty Report, (Timber, Minerals, Etc.) must be provided in the Addendum Section of the appraisal report.

24. TOTAL VALUE: <span style="float: right;">\$ _____</span>
--

- |  |
|--|
| <input type="checkbox"/> Attach photo page showing the principal improvements and/or major items of value.<br><input type="checkbox"/> Attach a right of way map or a plot plan of the subject property.<br><input type="checkbox"/> Attach other exhibits needed for clarity. |
|--|

**24. TOTAL VALUE:** This is your final value estimate indicating the highest return amount to property management. Included is contributory value of any improvements and contributory value for specialty items shown in specialty reports like Timber, Minerals, Etc.

Each report must contain adequate photos, maps and exhibits to accurately portray the property.

<b>CERTIFICATE OF APPRAISER</b>
---------------------------------

**CERTIFICATE OF APPRAISER:** The Certificate Page for Property Management appraisals is a shortened version of the Certification Page that is used for Acquisition Appraisals.

Because the Property Management appraisal is not being conducted under the threat of condemnation, the references to Eminent Domain issues have been removed.

The certificate shows the date the appraiser made the field inspection, date of value, Independent Site Value, Assemblage Value, Signature of the appraiser, phone number and date.

Throughout the reports the appraiser should fill in the blank spaces with an appropriate response; if something does not apply state so or state "N/A". In this way the reader will know that the appraiser has considered the subject and not inadvertently overlooked it. In some cases the reason a subject does not apply should be explained and documented.

Each report and the sections and paragraphs within them are explained below:

- **REPORT 15 - VALUE FINDING APPRAISAL**

This report is designed for uncomplicated acquisitions. 'Uncomplicated' means there are no major improvements either within or materially affected by the acquisition. Damages if any must be curable by nominal cost-to-cure measures. If unit land values have been established along a project through a reviewed project sales book or project data book or through a full sales analysis included in a reviewed appraisal report on a comparable property located along the same project, attached sales sheets are not required. Instead, the Value Finding Format may reference that data. If this project data is not available, attached, verified comparable sales sheets and cost-to-cure support are required with the Value Finding format just as they are in Reports 7 through 14.

The sections and paragraphs in this report are as follows:

**File:**

The file number identifies the Subject property being appraised and it can be found on the Appraisal Specification form.

**Address & Location of Property:**

Provide street addresses whenever possible. If there is no street address, use a landmark method. e.g. "3rd house on right side of Pacific Highway W., traveling S. from Cipole Road Interchange." Do not use rural mail route box numbers.

**Legal Owner:**

Provide the name(s) of the owners of record.

**Address, Phone (Legal Owner):**

Provide street address or mailing address, city and state, zip code, and telephone number of the legal owners of the property.

**Contract Purchaser:**

Provide name(s) on the contract. If there is none, state "NONE".

**Address, Phone (Contract Purchaser):**

Provide street address or mailing address, city and state, zip code, and telephone number of the Contract purchaser.

**Section, Highway, County:**

These appear on the Appraisal Specifications form.

**Eng. Sta.:**

The Engineer's Station number is identified from the right of way map. More than one Engineer Station number isn't necessary except for widely separated parcels. -

**Description Date:**

Be sure your appraisal is prepared using the most current description. An Exhibit A is the legal description and the date always appears on this exhibit in the upper right hand corner next to the initials of the preparer of the description.

**FAP #:**

If this project has federal participation the federal aid project number (FAPX) must be included on the report. The number will appear on the Appraisal Specifications form if it is necessary.

**Appraiser:**

Provide your full name here.

**Tenant, Address, Phone:**

Provide the name and mailing address, if different from that of subject property. (Do not include tenants in apartment houses or mini-warehouses, but do include those in single family dwellings as well as all other types of rental properties.) Supply telephone numbers when possible.

**Rent/Lease:**

Indicate if the tenant is leasing or renting and for what term. (e.g. lease, 5 yr.; rent, 30 days.)

**Rate:**

Indicate the amount per month or year.

**Recording Data:**

If the lease is recorded provide the date, book and page number in this space. If possible, obtain a copy of any unrecorded leases.

**Zoning and Comprehensive Plan Designation:**

Indicate the current zoning code and comprehensive plan zoning designation for the subject property. Discuss any other land use issues involving the subject property.

**Present Use:**

Present Use is not necessarily the Highest and Best use. It is the actual use to which the property is presently put. Indicate the use as residential, commercial, etc., or if appropriate, a combination of uses.

Conflicts between present uses, zoning and comprehensive plan designations, chances for variances, proposed zone changes, etc., are to be included within the Physical Description of the Property.

**Highest and Best Use:**

The appraiser's opinion of the Larger Parcel's Highest and Best Use is to be stated here. Simplify by using wording such as "residential", "commercial", etc. The Value Finding format is intended to be a less detailed narrative report for use on uncomplicated takings. Because of this, the appraiser can provide a summary of the analysis that went into the Highest and Best Use determination. However, the requirements and detail that go into a Highest and Best Use analysis are the same as for any other appraisal assignment and should be adequately documented in the appraiser's work file.

**Description Date:**

State the date of the most current legal description of the property (Exhibit A) the appraisal is based upon. This is a re-statement of the date identified at the beginning of the report.

**Area of Entire Property:**

On partial takings, Oregon Department of Transportation Right of Way maps identify the area of the remainder property exclusive of all fee parcels being acquired. The remainder area does, however, include any permanent or temporary easement parcels that are also being acquired. To determine the area of the entirety, add the area of the remainder to the areas of all the identified fee parcels being appraised. The appraiser is required to verify the area stated to be the entire property and document his or her method of verification in this portion of the report. The Exhibit A is the document which describes the parcel(s) to be acquired by the State and the areas stated in the Exhibit A are to be used in computing the value of the parts taken. If the appraiser's findings do not agree with the State's Exhibit A and/or Right of Way maps, a determination of the correct area must be obtained from the Region Right of Way Project Manager. If the Exhibit A is incorrect a revised description will be needed, which will change the description date. Should there be a dispute between what the appraiser calculates as the area and the State, the area stated in the Exhibit A will be the approved area to use. In all cases the appraiser is to estimate the fair market value of the part(s) taken based on the description described in the Exhibit A.

**Five-Year Sales History:**

The appraiser is required to make inquiry to determine if the subject property has been sold or if title has transferred during the past FIVE - YEAR period. List the dates and amounts of the transfers. The appraiser must express an opinion as to whether the sale of the subject property is, after making adjustments for time and other conditions,

indicative of market value for the property as of the date of value. If it is indicative of market value, the adjustments should be shown and explained in this paragraph. The sale should be the first sale listed in the sales analysis and discussed. If a project sales book is referenced instead, the sale of the subject must be part of the book and identified in this portion of the report. It must be considered for its relevance in determining the value of the takings.

Of equal importance, if the appraiser concludes that the sale of the subject property is NOT indicative of today's market value, a detailed explanation is needed. It is insufficient to simply write "does not apply" or a similar expression. A clear understanding of whether or not a recent sale of the subject property is usable in estimating the value of the property can be essential to the agency in explaining its offer of Just Compensation to the property owner.

#### **Physical Description of Entire Property Including Access:**

This section allows for a complete narrative description of the physical attributes of the subject property. It should include pertinent information such as: shape, dimensions, topography, utilities, access, location, exposure, site improvements, etc. Major improvements outside of the taking area should be described in general terms relating to the Highest and Best Use, age, condition, etc.

**NOTE:** If the taking will affect major improvements RPT 15 should not be used.

#### **Description of the Taking and Effect on Remainder Including Access:**

Enumerate and describe everything in the taking --land, buildings, wells, fences, signs, shrubs, etc. Explain extent of access taken, the effect of easements on utility of use, etc. The taking should be described as to shape, dimensions, location in relation to the entire property, and other details which affect value. When considering the effects on the remainder the appraiser must assume that the highway improvement is (1) completed according to the construction plan, (2) in operation, and (3) the date of valuation is your date of inspection.

Describe the remainder property as it is related to the new highway improvement and to all other streets or roads which it abuts. Those items which are changed by virtue of the taking should be completely re-described and should reflect what exists in the After situation (After the project), not what existed in the Before (Before the project).

#### **Estimate or Make Specific Reference to Sales Data From the Project Data book or Previous Appraisals:**

The appraiser is to value the taking by either:

1. A sales comparison analysis using comparable sales included in the report (attach sales sheets); or
2. A sales comparison analysis using comparable sales which are documented in the Project Databook (no sales sheets needed with report); or

3. Reference to a land value analysis included in the Project Data book (a summary of the analysis to assist the reader is to be included in the report); or
4. Reference to a land value analysis included in a previous reviewed and approved appraisal (referenced report must contain the analysis and the verified sales sheets). A summary of the analysis to assist the reader is to be included in this report.

**Note:** A project sales book, sometimes called a project data book, is a compilation of all the comparable sales and market data pertinent to the specific project being worked on. A project sales book may be used by Oregon Department of Transportation staff appraisers as a reference in lieu of attached individual sales sheets on the Value Finding Appraisal (Rpt. 15) and the Appraisal Waiver Valuation form (Rpt 1). The following conditions must be met:

- a. The sales and market data in the sales book must be verified by one or more Oregon Department of Transportation staff appraisers. Sales verified by fee appraisers may not be used.
- b. All Oregon Department of Transportation staff appraisers who will use the sales book data must view the sales and sign-off on the book that they are in agreement with the verification information.
- c. The project sales book must be submitted to the project Appraisal Reviewer and approved prior to use.
- d. Adjustments that address current market conditions (time, cash-equivalence) may be discussed and applied to the sales within the project sale book. Adjustments addressing differences between the sales and the specific properties being appraised (e.g. size, shape, condition, etc.) must be discussed and applied within the appraisal report.

#### **Summary of Sales Used:**

The appraiser is to provide a summary of the sales used to arrive at the subject's land value. This is to be completed regardless of which of the above systems is used to complete the analysis. The report provides a columnar form to assist the appraiser.

#### **VALUATION SUMMARY**

##### **Land:**

List the valuation of the land taken by parcel number (as listed in the description) and land type. Provide the calculations and total.

##### **Improvements in Taking:**

Show the source or support for the valuation of the listed improvements within the taking (Cost Factor Book, Local Contractor Estimate, etc.). List the valuation of the improvements by description, quantity and value.

##### **Damages to the Remainder:**



Provide support and documentation for any damages to the remainder. If damages exist, attach any Cost to Cure estimates to the report (**NOTE:** Only minor damages can be documented in this manner; substantial damages will require either a Before and After format or, if applicable, a Taking and Damages format).

**Total Taking and Damages:**

Provide the total estimate of taking and damages.

**Estimate of Fair Market Value:**

This the final rounded amount.

**Fencing Allowance:**

Where a fencing allowance is necessary (situations involving livestock), the figures are to be inserted here. The depreciated replacement value of any fencing being taken is a part of just compensation and should be included under the Improvements valuation. The difference between the depreciated replacement value and the cost new for livestock fencing is the fencing "allowance". Although similar to a cost-to-cure, it is legally not a part of just compensation. That is why it is set out separately on the Allocation sheet. The policy dealing with fencing allowances is explained in the Right of Way Manual under section 4.400.

**Hazardous Waste Investigation Statement**

Properties with any significant potential or identified Hazardous Waste issues should not be valued using the Value Finding Appraisal format. A full narrative report would be required. Under the Value Finding format the appraiser is still responsible for taking prudent steps to a determination regarding hazmat potential.

The following disclaimer statements have been approved by our legal counsel:

I. If there is reason to believe hazardous materials might be present:

*"My investigation of subject property and conversations with the property owner and/or occupant leads me to believe that hazardous materials may be present.*

*The evidence leading me to this conclusion is as follows:"*

(Insert as many paragraphs as needed to describe circumstances.)

*"No responsibility is assumed for any condition created by the presence of hazardous materials, or for any expertise or engineering knowledge required to verify or discover the existence of them. You are urged to retain an expert in this field if verification and/or identification are desired."*

II. If there is no reason to believe hazardous materials might be present:

*"My investigation of subject property and conversations with the property owner and/or occupant reveal no apparent evidence of the presence of present or previous hazardous waste activities. I did not observe during inspection of subject*

*property any materials considered to be hazardous including, but not limited to, asbestos, urea-formaldehyde, or foam insulation. However, I am not qualified to detect such substances. The value estimate contained in this report is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for the expertise required to detect them. You are urged to retain an expert in this field, if desired."*

- **REPORT 16 - REVISED APPRAISAL REPORT FORM**

Often appraisals must be revised for various reasons. New market information, new description, revised analysis, and time update are just a few of the reasons a report may be revised. This form is used to revise the pertinent information and value conclusions. Information provided in the original report can be referenced. If the revision is complex or extensive the appraiser should prepare a completely new appraisal on a standard report form.

The paragraphs and sections in this report are as follows:

**File, Name, Section, Highway, County, FAP#**

The correct information as\_-provided in the original report is to be included on the revised report form.

**Area of Taking**

List all the parcels by number and interest acquired, providing the area.

**Date of Description**

The Exhibit A is the property legal description and the date always appears on this exhibit in the upper right hand corner next to the initials of the preparer of the description. It is possible that the description date will be different than the date used in the original appraisal; a revised legal description may be the reason that a revised appraisal is required. Make certain the legal description date identified here reflects the current Exhibit A. Discuss this with the Region R/W Project Manager if there is any confusion.

**Reason for revision**

Provide an explanation as to why the revision is needed. Be thorough, providing the pertinent information and dates.

**Added or modified assumptions**

If, due to the revision, your limiting assumptions have changed from those identified in the original appraisal, provide a list of the additions and modifications .

**Redescribe**

As noted in the form, redescribe the remainder to show the effect of the revision. When applicable, redescribe the entire property. State that the description is unchanged from

the original report if the revision does not affect the physical description.

Re-evaluation of the remainder requires that the appraiser provide the revised analysis and valuation of the remainder and taking. New sales sheets and supporting documentation must be attached if needed. The documentation and support for the revised appraisal analysis must meet the same standards as required in the original report.

### **Valuation Summary**

The Revised Appraisal Report form provides for the summary of the valuation. Place the appropriate values in the blanks and date and sign the Certificate of Appraiser. If a new property inspection was required, make sure the correct date is shown in the Certificate.

- **REPORT 17 - RESIDENTIAL APPRAISAL REPORT**

This is an industry-familiar FNMAE-type Residential appraisal form. For this reason a paragraph by paragraph description will not be given. As in all the appraisal formats, each blank should be filled with the appropriate response. If something does not apply, state why or state "N/A" so the reader knows that the item was considered by the appraiser. This form is allowed only for entire takings of single family residences where each comparable requires less than an **absolute** total adjustment of 35%.

- **REPORT 18 - SIGN APPRAISAL - COST APPROACH**

Outdoor advertising signs (signs which advertise something that is not available at the property on which the sign is located - e.g. billboards) are considered personal property and are handled under Relocation benefits. All other signs are considered real property and need to be appraised. The use of the Report 19 and the Cost Approach to value may be used. After the Signs valuation, the appraiser is then required to incorporate the sign's value into the overall value for the larger parcel based upon the sign's contributory value to the larger parcel. The contributory value of the sign to the larger parcel may or may not equal the signs depreciated replacement cost.

The paragraphs and sections in this report are as follows:

**File:**

The file number identifies the property being appraised -and it can be found on the Appraisal specification form.

**Eng. Sta.:**

Engineer's Station number is to be taken from the right of way map. Estimate the station number which corresponds with the location of the sign being appraised.

**FAP #:**

If this project has federal participation the federal aid project number (FAP#) must be included on the report. The number will appear on the Appraisal Specifications form if it is necessary.

**Name:**

Provide the name(s) of the owners of record.

**Highway, Section, County:**

These appear on the Appraisal Specifications form or description.

**Property Address or Specific Location:**

Provide street addresses whenever possible. If there is no street address, use a landmark method. (e.g. "3rd house on right side of Pacific Highway W., traveling S. from Cipole Road Interchange.") Do not use rural mail route box numbers.

**Property or Building Owner's Name and Address:**

Provide the name(s) of the owner of record. Provide street address or mailing address, city and state, zip code, and telephone number.

**Sign Owner's Name and Address:**

Provide the name(s) of the owner of record. Provide street address or mailing address, city and state, zip code, and telephone number.

**Legend:**

Provide the legend on the sign as of the date of inspection.

**Built By:**

Provide the builder's name and address.

**Lease or Purchase Conditions:**

Provide the pertinent information on the sign lease or purchase. If the sign is leased, provide the term of the lease, rental rate, cancellation clauses, expiration date, and other provisions. Also indicate the date of inspection.

**Type of sign or display:**

Give the physical characteristics of the sign including its age..

- a. Provide the kind of material the sign is made of; neon, plastic, or other.
- b. Provide the number of sides and the type of mounting.
- c. Provide the height of the sign by giving the distance from the bottom of the sign to ground level.
- d. Indicate if the sign is embellished with a flasher, revolves, or has other features (describe them).
- e. Provide the sign face size by height and length.
- f. Provide the type, number and size of the letters on the sign.

**Cost Source:**

Document your source information as follows:

- a. If known, the actual contractor's cost when the improvements were originally built, or what another reliable contractor would charge to build the improvements.
- b. Cost data from recent comparable construction.
- c. A formal estimate of cost prepared by a contractor.
- d. Reliable cost factor services. State the name of the factor book, the section and the page used. The appraiser is to state the values used and the pluses and minuses used in order to arrive at unit value so that the reader can attain the same results.

**Valuation Basis:**

Provide an explanation of the analysis used to value the sign. Signs are usually valued on a depreciated replacement cost basis; full documentation of the principles and processes involved will be required if another method of valuation is used. The appraiser will also be required to justify the use of a different approach.

In addition to a depreciated replacement cost, Report 18 also asks for a salvage value estimate for the sign. Salvage value of a sign or fixture is what value it would bring if it were to be removed from the property on the day of inspection. The Appraisal chapter of the Right of Way Manual (4.390) gives this definition: "Salvage value is defined as the probable sale price of an item that will be sold and removed from subject property at the buyer's expense. This includes allowing reasonable time to find a buyer knowledgeable of the uses of the item, uses of the serviceable components and any scrap value"

**Sign Description:**

Provide a full narrative description of the sign including dimensions, legend, construction, and condition. The description should also provide an explanation of the physical depreciation present. Provide an estimate of the total depreciation giving documentation analysis for the conclusion.

**Valuation of the Sign:**

Provide a listing of all the components of the sign, the unit value for each component, and the value of the component. Give a total value of the sign cost new. Apply the estimated depreciation and set out the depreciated replacement cost value of the sign.

Following the depreciated replacement cost, show the estimated salvage value.

**Additions to the Sign Appraisal Report:**

As with all appraisals a "Certificate of Appraiser" is to be added to the end of the report. The report is also to contain sufficient photos to document the type and condition of the sign.

In Appraisal Reports 7 - 14, the first page of each report is considered to be a summary page. The summary allows the reader to get the pertinent parts of the appraisal without paging through the entire report. Paragraphs 1 - 8 in the boxes below all belong on the summary page. These address property location, ownership, type of taking, access, applicable land use regulations, highest and best use, utilities, and valuation conclusions. Each one of these areas should be discussed fully within the body of the report. The summary statement on page one generally is not accepted as having adequately addressed the subject.

Throughout the report the appraiser should fill in the blank spaces with an appropriate response; if something does not apply state why or state "N/A". In this way the reader will know that the appraiser has considered the subject and not inadvertently overlooked it. In some cases the reason a subject does not apply should be explained and documented.

	<b>APPRAISAL REPORT</b> Oregon Department of Transportation	File: ____
RPT #		
1. Address & Location of Property		
2. Ownership Information		
Legal Owner		
Address		
Phone		
Contract Purchaser		
Address		
Phone		
Tenant		
Address		
Phone		
Rent/Lease	Rate \$	Recording Date

**File:**

The ODOT file number identifies the property being appraised and it can be found on the Appraisal Specification form.

**Address & Location of Property:**

Provide street addresses whenever possible. If there is no street address, use a landmark method. e.g. *"3rd house on right side of Pacific Highway W., traveling S. from Cipole Road Interchange."* Do not use rural mail route box numbers.

**Legal Owner:**

Provide the name(s) of the owners of record.

**Address, Phone (Legal Owner):**

Provide street address or mailing address, city and state, zip code, and telephone number.

**Contract Purchaser:**

Provide name(s) on the contract. If there is none, state "NONE"

**Address, Phone (Contract Purchaser):**

Provide street address or mailing address, city and state, zip code, and telephone number.

**Section, Highway, County:**

These appear on the Appraisal Specifications form.

**Eng. Sta.:**

The Engineering Station number is to be taken from the right of way map. More than one Engineer Station number isn't necessary except for widely separated parcels. -

**Descript Dtd.:**

This is the date of the property legal description that the appraisal is based upon. Be sure your appraisal is prepared using the most current legal description, because legal descriptions can be modified during the course of a project. The Exhibit A, which is always included in each appraisal report, provides the legal description. The date of the legal description always appears on this exhibit in the upper right hand corner next to the initials of the person who prepared the description. NOTE: The Exhibit A must be part of each appraisal report.

**FAP #:**

If this project has federal participation the federal aid project number (FAP #) must be included on the report. The number will appear on the Appraisal Specifications form if it is necessary.

**Appraiser:**

Provide your full name here.

**Tenant, Address, Phone:**

Provide the name and mailing address, if different from that of subject property. (Do not include tenants in apartment houses or mini-warehouses, but do include those in single family dwellings as well as all other types of rental properties.) Supply telephone numbers when possible.

**Rent/Lease:**

Indicate if the tenant is leasing or renting and the term of the rental agreement. (e.g. lease, 5 yr.; rent, month to month.)

**Rate:**

Identify the rental amount per month or year.

**Recording Data:**

If the lease is recorded provide the date, book and page number in this space. If possible, obtain a copy of any unrecorded leases.

<b>3. Type of Taking</b>
Partial Taking <input type="checkbox"/> Entire Taking <input type="checkbox"/>
Area of Entire Property
Area of Remainder
Area in Fee Taking

**Partial Taking - Entire Taking:**

A determination of whether the acquisition is of the entire property or only a portion of the property requires the appraiser to know what makes up the "larger parcel". In eminent domain the entire property under consideration is called the "larger parcel". The three (3) tests for what constitutes the larger parcel are unity of title, contiguity and unity of use. (See Right of Way Manual, chapter 4.320, for more details on determining larger parcel). Consult with the Region Right of Way Project Manager if there is any uncertainty as to the larger parcel.

**Area of Entire Property:**

On partial takings, Oregon Department of Transportation Right of Way maps identify the area of the remainder property exclusive of all fee parcels being acquired. The remainder area does, however, include any permanent or temporary easement parcels that are also being acquired. To determine the area of the entirety, add the area of the remainder to the areas of all the identified fee parcels being appraised. The appraiser is required to verify the area stated to be the entire property and document his or her method of verification under Paragraph 17; however, the Exhibit A is the document which describes the parcel(s) to be acquired by the State and the areas stated in the Exhibit A are to be used in computing the value of the parts taken. If the appraiser's findings do not



agree with the State's Exhibit A and/or Right of Way maps, a determination of the correct area must be obtained from the Region Right of Way Project Manager. If the Exhibit A is incorrect a revised description will be needed, which will change the description date. In all cases the appraiser is to estimate the fair market value of the part(s) taken as described in the Exhibit A.

**Area of the Remainder:**

The remainder area is that portion of the larger parcel considered present after the project is completed. In Before & After appraisals, the remainder area is used in the After situation. As stated above, the remainder area includes the areas encumbered by permanent or temporary easements along with the remaining unencumbered areas lying outside of the Fee taken areas.

**Area in Fee Taking:**

List that portion of the taking which Oregon Department of Transportation is buying in fee simple. If there are several parcels to be acquired, list each separately (e.g. P1, P2, etc). Areas should be listed as they appear on the Exhibit A (i.e. if the Exhibit A shows the area in square feet rather than acres, use square feet.)

**Area in Permanent Easement:**

List each parcel separately, showing its area and intended use as specified on the ~Exhibit A, (e.g. P3 --1,250 s.f. -for Slopes).

**Area in Temporary Easement:**

List each parcel separately, showing its area and intended use as specified on the Exhibit A.

<b>4. Access</b>
Before Taking:
To Remainder:

**Before Taking:**

Indicate the nature, number and location of improved and/or previously reserved points of access to the subject highway. Summarize only. The full discussion on access in the Before situation should go in Paragraph 17.

Specify all other means of accessibility such as county .roads, city streets, etc. to the highway system.

**To Remainder :**

The project may be the widening of a highway where there still remains direct access to the property. In this case, state that access is limited to a certain number of designated points, and state their location using the engineering station numbers as identified in the appraisal specifications form under Item (6) Access.

If direct access is completely eliminated and the property owner will use other roads to gain access to his property, name or identify those other roads.

If the property is landlocked, indicate the situation and discuss it in the description of the remainder.

Summarize only. The full discussion on access in the After situation should go in Paragraph 37.

<b>5. Land Use Regulations</b>	
Zoning	Comp Plan Designation
Uses Permitted	
Present Use	

**Zoning:**

Indicate the current zoning code for the subject property.

**Comp Plan Designation:**

Indicate the current comprehensive plan zoning designation for the property.

**Uses Permitted:**

Since zoning codes are not uniform throughout the State, indicate the general use for which the land may be utilized (e.g. residential, commercial, industrial, etc.)

**Present Use:**

This is not necessarily the highest and best use, but is the actual use to which the property is presently put. Indicate the use as residential, commercial, etc .-, or if appropriate, a combination of uses.

Conflicts between present uses, zoning and comprehensive plan designations, chances for variances, proposed zone changes, etc., are to be included within Paragraph 17 -Detailed Description of the Property Before the Taking.

<b>6. Highest and Best Use:</b>
Entire Property
Remainder

**Entire Property:**

The appraiser's opinion of the entire property's Highest and Best use is to be summarized here. The entire property in question is the Larger Parcel determination. Simplify by using wording such as "residential". "commercial", etc. A full analysis of the Highest and Best Use of the property is required within paragraph 17 of the appraisal.

**Remainder:**

The appraiser's opinion of the remainder property's Highest and Best use is to be summarized here. A full analysis of the remainder's highest and best use is to be included in the description of the remainder property in paragraph 37.

<b>7. Utilities:</b>
Current Facilities
Possible Facilities

**Current/Possible Facilities:**

Provide a simple statement of current and possible utility facilities that are available to the subject property. A full description and analysis of these facilities is to be included under paragraph 17.

<b>8. Summary of Valuation</b>			
	Entire Property	Remainder Property	
Taking:		Included Reports by Others	
Land	\$		\$
Improvements	\$		\$
Damages	\$		\$
Special Benefits	\$		\$
Total	\$		\$
Total Rounded	\$		\$
Valuations made by others as shown above are included as a part of the total data considered in arriving at my final conclusion of value.			

**Summary of Valuation:**

Summarize the value conclusions that were reached and discussed within the body of the appraisal report in Paragraph 8 . Use the Entire Property value arrived at in paragraph 34 of the appraisal. The Remainder Property value is identified when doing a Before and After appraisal and is taken from Paragraph 56. Taking values summarized here in Paragraph 8 correspond with the values identified in paragraphs 57-64.

Paragraph 8 also requires the identification of any specialty valuation reports performed by experts other than the property appraiser and used by the appraiser in arriving at the value of the subject property (e.g. timber appraisals; fixture/equipment appraisals; sign appraisals; etc.) The name of the person doing the specialty report should be identified along with the value. The property appraiser analyzes a specialty report to determine the extent to which its data contributes to the overall value of the subject property. This contributory value is what is used in the property valuation for both the Before and, if applicable, the After situations.

Guide to Appraising Real Property

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## 9. Purpose of Appraisal

The purpose of this valuation is to estimate the fair market value of the subject property in fee simple title as a whole, when applicable; the fair market value of property taken as part of the whole, the fair market value of the remainder after the taking as will be affected by contemplated improvements with consideration for damages, if any, and benefits, if any, to the remainder; and the total just compensation due to the property owner by reason of the taking

All appraisals shall be made on the basis of fair market value. For the purpose of real property acquisition by the State, fair market value is defined as "the amount of money, in cash, that property would bring if offered for sale by one who desired but was not obliged to sell, and was bought by one willing but not obliged to buy. It is the actual value of the property on the date of the taking, with all its adaptations to general and special uses, that is to be considered. However, nothing shall be allowed for prospective value, speculative value or possible value based upon future expenditures and improvements." (State Right of Way Manual, section 4.135)

In the State of Oregon; *"where a part only of a larger track of land is taken for a public road under the power of eminent domain, the owner is entitled to the market value of the land and improvements actually taken, and also an amount equal to the depreciation in market value of the remainder of the land caused by the road."* Pape et al. vs. Linn County, (1931), 135 Or. 430, 436-437, 296 P. 65.

### **Purpose of Appraisal:**

This is boilerplate that is used in Reports 7 - 14. The "purpose" of the appraisal included in Paragraph 9 is the definition accepted by the State. Citations from the State Right of Way Manual and Court decisions are also included under Paragraph 9 to assist both the appraiser and the reader in understanding the definition of fair market value and the basis of just compensation as accepted in the State of Oregon.

For the purposes of the general appraisal assignment the date of valuation (referred to in Paragraph 9 as "date of taking") is equal to the latest date of inspection. An appraisal assignment done for condemnation requires that the date of valuation be the date the condemnation action is commenced or the date the condemner enters on and appropriates the property, whichever first occurs. The State will notify the appraiser of the correct date.

**Note:** The definition of "fair market value" used in Paragraph 9 is the legal definition set by Oregon Case Law and is to be used by staff and consultant appraisers doing work for Oregon Department of Transportation. Reliance on the USPAP definition is inappropriate. (Refer to USPAP: Definitions: Market Value)

## 10. I have also made the following assumptions:

### Assumptions:

List any assumptions that may influence the final value arrived at in the appraisal. Avoid making unverified assumptions whenever possible. If the accuracy of an assumption is in question, verify it. As an example, it should not be arbitrarily assumed that the State will restore water services or other utilities, irrigation, etc. after the project. Verify this with the Region Right of Way Project Manager. The verified assumptions should appear in Paragraph 10 for the record. (e.g.: Assume water supply will be restored -verified with [name of person]). The purpose of listing verified assumptions here is to indicate limits placed on the value estimate arrived at in the report. Any changes which affect these assumptions will therefore require additional analysis and possibly a revised appraisal.

**DO NOT APPRAISE WITH DOUBLE ASSUMPTIONS.** (e.g. "This appraisal is based upon the assumption the State will construct a stock underpass. If the State does not construct the underpass just compensation will be \$40,000 instead of \$22,000.") Resolve this and similar issues with the Region Right of Way Project Manager and list these verified assumptions in Paragraph 10. (e.g. "Assume the State will construct a stock underpass - verified with [name of person]" )

## 11. Preliminary title report furnished and examined:

YES  NO  . Checked at title company . I have given consideration or limited conditions therein that affect the value of subject property. Please explain the exceptions and limiting conditions: .

### Preliminary Title Reports:

Check the appropriate box to indicate whether the appraiser received and reviewed the Preliminary Title Report. If the title report has not been received by the time the appraiser is ready to commence work on the assignment, check with the Region RIGHT OF WAY Project Manager to find out which Title Company is preparing the PTR. The appraiser should then contact the title company and make inquiry of title information directly.

Provide a discussion of any recorded and observed easements, encumbrances and/or limiting conditions which may affect the value of the property. Explain other possessory interests such as leases, rights of way, licenses, adverse possessions, mineral rights, etc.

Include a discussion of property interests as it may affect unity of use. Where there are other interests of record used in connection with the subject which raise questions regarding unity of use of the Larger Parcel, submit the pertinent data to the Region Right of Way Project Manager so that he or she may secure departmental opinion. The appraiser should not assume unity of use without confirmation.

**12. Subject property has sold within the last 5 years.**

YES  NO . If yes, see details on Comparable Sale Sheet No. \_\_\_\_\_ which includes an explanation of whether the sale is indicative of today's Market Value.

Owner Contact Report: Owner (or designee) accompanied appraiser in inspection of this subject property? YES  NO . Comments and concerns expressed by parties with interest in the subject property (Fee Owner, Contract Purchaser, Lessee, Tenant, etc.) are given below.

**Five-Year Sales History of Subject Property:**

The appraiser is required to determine if the subject property sold or if title transferred during the past FIVE-YEAR period from the date of the present valuation. The result of this inquiry should be indicated in Paragraph 12. If the property did sell or if title did transfer, a sales data form should be completed and identified in Paragraph 12. Further Guide instructions on the analysis of subject sale(s) are included under Paragraph 19 for unimproved and under Paragraph 23 for improved properties.

**Owner Contact Report (15 Day Notice to Inspect):**

It has always been Oregon Department of Transportation policy that the appraiser offers the property owner or their designee the opportunity to accompany the appraiser during the property inspection. ORS 35.346 now requires that the appraiser provide not less than 15 days written notice to the property owner regarding the planned appraisal inspection with an offer to accompany. A copy of the appraiser's written notice to the owner should be attached in the addendum of the appraisal report. If the owner or designee waives the right to accompany in writing, a copy of their waiver should also be attached to the appraisal. If the owner waives the right to accompany the appraiser verbally, the appraiser should state so in the appraisal report and maintain proper documentation in their work file.

In Paragraph 12, check off whether the owner or designee did accompany the appraiser on the inspection. The name of the person accompanying the appraiser and the date and time of the inspection should be included.

Paragraph 12 is also where the appraiser identifies and discusses any issues or comments regarding the property or the acquisition that were raised by the owner or designee during the inspection. Furthermore, the appraiser should identify and discuss in Paragraph 12 all issues and comments relevant to the appraisal or acquisition process raised by all interested parties at any point in the appraisal process.

**13. Neighborhood Description:**

**Neighborhood Description:**

Provide a clear and pertinent description of the subject's neighborhood and its relation to the urban or rural community. The goal of the neighborhood analysis is to determine how

social, economic, governmental, and environmental forces influence property values in the subject property area. Neighborhood boundaries are considered to be determined by identifying the area in which these forces act uniformly. The analysis should also contain a more specific description of the properties located in the immediate locale of the subject property. The State is not looking for long dissertations but accurate descriptions pertinent to the appraisal problem.

<b>14. Public Record Data:</b>	
Lot: Dimensions	Area
Assessed Value: Land	Improvements
Year	
Date Built	Date Owner Purchased:
Date Remodeled	

**Public Record Data:**

The information in Paragraph 14 can be obtained from the county assessor’s records. Verify the assessor’s information regarding the date purchased, date built and date remodeled with the property owner. Comment if the property dimensions and area do not agree with the information provided on the Oregon Department of Transportation Right of Way Map. The appraisal should be based upon the Right of Way Map information.

Complete every space in the box..

<b>15. General Description and Room List:</b>							
Room Count: Total/Bedrooms/Baths / /							
Rooms	% Fin	Entry	Living	Dining	Kitchen	Den	
Basement							
Level 1							
Level 2							

**NOTE:** Paragraph 15 is used only when appraising single family residences (Reports 8, 10 & 13)

**General Description & Room List:**

**Room Count:**

The total number of rooms, number of bedrooms and number of baths are to be listed in the appropriate boxes.

**Overall Dimensions:**

The overall dimensions of the house consist of the greatest length and the greatest width.

**Area:**

The area in square feet consists of the actual total number of square feet of living area on all floors using outside measurements. Do not include the open porches, but list them separately.

**Rooms:**

Next is a grid to fill in which contains a floor by floor identification of all the rooms in the residence.

**Finished area above grade contains: Rooms:**

This series of boxes provides an inventory of the number and types of rooms in the house that are above grade.

**Square Feet of Gross Living Area:**

Total finished living area on all floors - excluding garages, porches, etc.

**Garage:**

Indicate whether there is a garage, its type and size. In addition, give the overall dimensions and area.

## 16. Fixtures

**Fixtures:**

**For SFR Reports:**

When the Taking affects a single family residence, do this part of the appraisal very carefully. An inventory of fixtures found in the house is important. It is used as a checklist by Property Management. The fixtures normally listed are hot water heater, heating plant or other types of heating, built-in appliances, exhaust fans, permanent light fixtures, storm doors and windows, and carpeting. The fixtures listed also establish a part of the appraiser's basis of comparison with other houses used as comparable sales.

It is helpful for the owner to be made aware that you are tabulating the equipment and where possible to provide the model and serial numbers along with the manufacturer's name or brand. The appraiser should also discuss with the owner any atypical items that the owner may believe are fixtures. Clarification on how these items will be treated in the appraisal should be obtained from the agency.



### **For All Improved Properties except SFR:**

When the Taking affects all or part of an improved property other than a single family residence, an inventory of the fixtures and equipment, their classification, valuation and a photo record are to be included as part of the appraisal report. This may be handled by a specialist other than the real property appraiser.

Or, if qualified, the real property appraiser may be required to furnish all of the above data. An explanation of the process and forms used in creating the fixture and equipment list is located in Section Six of this guide. Further details of the Fixture and Equipment report are in Section 4.610 of the Right of Way Manual.

Regardless of how the fixture and equipment list and classification is obtained, the real property appraiser is responsible for determining how each individual item classed as real property or fixture may contribute to the over all value of the property. The individual valuation is very important to the State's acquisition program; it is paramount that this section be complete and accurate.

This section is to contain a list of all fixtures and equipment that are classed as real property (Category I) and fixtures (Category 11). The list is to provide a description or item number (tied to the classification letter), the contributory value, the salvage value and ownership of each item.

The appraiser must use these values when considering the comparability of the market data. The comparable sales used in the approaches to value are adjusted to reflect the contributory value of those items (or functionally similar items) not present or not included in the sale price.

The Classification Letter (Chapter 4 Exhibit A Right of Way Manual) lists all the fixtures and equipment under the following categories:

#### ***Category I***

Real Property: These items are so attached as to be considered part of the real property itself, and while of a nature somewhat peculiar to the subject property, they would normally be included in the values as found by the real estate appraiser.

#### ***Category II***

Fixtures: The items in this category are considered fixtures because:

- a. Of the method of annexation or attachment to the real property.
- b. It is necessary and adapted to the primary use of the property.
- c. The apparent intention at the time of annexation or attachment was to make the item a permanent part of the realty.

#### ***Category III Personal Property:***

These items may be attached or freestanding. They can be removed by uncoupling, unplugging, or otherwise disconnected or removed with no material loss of value to the item or to the real property. They are not an integral part of the function to which the

realty is devoted without which all or part of the remaining fixtures could not be used to perform this function, these items are not to be included in the real property appraisal analysis.

## 17. Detailed Description of the Property Before the Taking:

### Detailed Description of the Property Before the Taking:

This section allows for a complete narrative description of the subject property as it currently exists before the takings. It should include the following pertinent information: larger parcel identification; zoning; available utilities; current highway access; site features and characteristics; improvements; Highest and Best Use. The appraiser should also include any additional property information that is relevant to the appraisal assignment.

### Larger Parcel Identification:

The concept of "larger parcel" is unique to eminent domain appraisal. It is that portion of a property which has unity of ownership, contiguity, and unity of use. The correct identification of the larger parcel is essential to the appraisal. The impact and extent of severance damages and Special benefits, if any, are measured and applied to the larger parcel. Since there are different degrees of title to a property, the unity of ownership test may require a legal interpretation. Unity of use may consider unity of highest and best use, not only existing use. Refer to 4.320 in the OREGON DEPARTMENT OF TRANSPORTATION RIGHT OF WAY Manual for more details on larger parcel identification. If there is any uncertainty, seek clarification from the Region RIGHT OF WAY Project Manager or the Project Appraisal Reviewer.

### Zoning:

- a. Current zone code and uses allowed;
- b. Comprehensive plan;
- c. Where appropriate, discuss conflicts between comprehensive plan and zoning, chances for variances, proposed zone changes and the affects on highest and best use, existing or potential Legal claims, such as Measure 37 or 49 claims, that could result in land use regulation waivers, etc.

### Utilities:

- a. What utilities are available to the subject?
- b. Are there any special hookup fees, pumping costs, etc.
- c. Current Facilities: Indicate the type and extent of the utilities servicing the property as of the date of appraisal inspection. This includes septic systems, private wells, etc. Include only those services actually utilized by the property. If possible provide the location of septic systems (including drain fields) and wells. The owner's estimate of facilities locations is useful.
- d. Possible Facilities: Indicate all utilities available to the property, even if not connected. If the service is located away from the property, indicate the

distance required to bring the service to the property line (e.g. sewer, 450 ft.).

#### Access:

- a. Existing legal accesses. Are they legal by Permit, Access Reservation/Grant of Access or because they are "grandfathered" approaches?
- b. Streets and roads which abut and/or serve the property.
- c. Availability or proximity of other modes of commercial transportation such as air, water or rail.
- d. Identify all illegal approaches servicing the property in the Before situation. Clearly identify these as illegal.

#### The Site:

- a. Geometric shape of parcel, dimensions, area (size), frontage, topography, soil types, and drainage.
- b. Available irrigation, water rights, domestic water.
- c. Crops, orchards, timber, mineral or aggregate deposits.
- d. Special amenities such as view, river or ocean frontage, corner location, traffic exposure, etc.
- e. Site improvements such as landscaping, fences, walks and drives.
- f. Off-site improvements such as curbs, sidewalks, lighting, etc.
- g. Feasibility for sewerage disposal approval, if sewer not available.
- h. Site location in relation to the subject neighborhood. This takes into consideration the time-distance relationship the site has to essential neighborhood amenities. (e.g. Industrial - freeway access, Manufacturing - work force, Residential - employment and commercial outlets). Location can also relate to the environmental forces present in the subject neighborhood such as parks, recreation, schools, smog, etc.

#### Improvements:

- a. Type of improvements (house, barn, garage, shed, shop, etc.).
- b. Construction and design of each improvement. It may be necessary to describe each improvement separately; the degree of detail is dependent upon the impact the taking has on the improvement. The structures should be described using the following type of format:
  - 1) Exterior (foundation, framing, insulation, walls, roof, etc.)
  - 2) Interior (walls, flooring, finishing, lighting, etc.)
  - 3) Mechanical systems (HVAC, plumbing, electrical, security, etc.)
- c. Number of units, when applicable.
- d. Dimensions, square foot area, number of floors, basement, etc.
- e. Age, effective age.
- f. General condition. Specifically note problem areas and deferred maintenance. The improvement's aesthetic quality as it relates to the market is also important, particularly in residential properties.
- g. Secondary improvements such as fencing, landscaping, wells, etc.

### Highest and Best Use:

- a. Present use. Describe the existing use or uses to which the larger parcel is put. Discuss any unity of use issues which could affect value.
- b. Render your opinion of the Highest and Best use of the larger parcel. As defined in the Right of Way Manual (4.325), Highest and Best Use is "that reasonable and probable use of the property as of the date of valuation which is most likely to produce the greatest net return to the land and improvements." In the Highest and Best Use analysis, do not value the land for one use and the buildings for another in determining their net return. This would be a violation of Consistent Use Theory (Right of Way Manual 4.326).
- c. Provide discussion and/or documentation, where necessary, to support the opinion of Highest and Best Use. This analysis should contain a full discussion which shows that the opinion of Highest and Best Use meets the criteria of being physically possible, legally permissible, financially feasible, and maximally productive. Attributing interim use value to improvements requires detailed discussion and analysis (Right of Way Manual 4.327). A long term interim use estimation raises the risk that the appraiser's Highest and Best Use conclusion is remote and speculative. Avoid any speculative Highest and Best use determination unless directed. Highest and Best use should not be speculative but how a prudent buyer-investor would utilize the property to produce the greatest amount of value or return.
- d. Where there is more than one Highest and Best Use for the property based on split zoning, different soil types, etc., explain fully. Show the breakdown on a sketch map.

### Sketches:

- a. Sketches are necessary to adequately understand the property layout. Prints of Right of Way maps are often inadequate. In every instance show the essential details of the entire property and the location of the Right of Way to be acquired.
- b. Sketches are to show the location of improvements and access.
- c. Sketches of the improvements are to contain accurate dimensions. A floor plan is required for all buildings taken or damaged.
- d. Segregate farmland by use and type.
- e. Urban and commercial lands are to be segregated by use, zone, and/or highest and best use.

## APPRAISAL OF THE SUBJECT PROPERTY

18. Valuation of the land before the taking :

19. Explain adjustments and relate comparable land sales data to subject:

**Valuation of the land before the taking:**

The appraiser is to utilize the Sale Comparison Approach to arrive at a value conclusion for the site before the taking as if vacant and ready for development to its Highest and Best Use. The detailed sales comparison analysis is set out for the reader in Paragraph 19. Paragraph 18 is used as the appraiser's narrative explanation of this process.

Explain Adjustments and Relate Comparable Land Sales Data

### **Five-Year Sales History of the Subject:**

If a sale of the subject has occurred during the past five years which relates to the unimproved land market, verify the sale with the buyer and/or seller and include an Unimproved Comparable Sale sheet with the appraisal report. Every attempt should be made to verify the details of the subject property sale with the parties involved to determine the terms and validity of that sale. The subject sale should be discussed and reconciled to the current opinion of market value.

The appraiser must express an opinion as to whether this sale of the subject property is, after making adjustments for time and other conditions, indicative of market value for the property as of the date of value. If it is indicative of market value, the adjustments should be shown and explained in this paragraph. The sale should be the first sale listed in the sales analysis of the appraisal.

Of equal importance, if the appraiser concludes that the sale of the subject property is NOT indicative of today's market value, a detailed explanation is needed. It is insufficient to simply write "does not apply" or a similar expression. A clear understanding of whether or not a recent sale of the subject property is usable in valuing the property is essential to the agency in explaining its offer of Just Compensation to the property owner.

### **Other Comparable Sales:**

The appraiser is to locate sales of properties that are comparable to the subject property. The appraiser should include a statement identifying the scope of the research done to locate these comparable sales. The details of each comparable sale are to be verified by the appraiser with the buyer and/or the seller involved in the transaction. If neither party can be contacted, the appraiser can verify the sale with the realtor who was involved in the transaction. Verification with someone in the realty office who was not involved in the transaction is not acceptable. Neither is it acceptable to "verify" a sale through the multiple listings, County Recorder's records, etc. Verification with the parties involved is necessary to determine whether the details the appraiser obtains regarding the sale are valid and whether the sale was an arm's length transaction. If the sale cannot be verified with an involved party, it can still be referenced as additional support in the appraisal, but the appraiser should not give it any weight in the final value conclusion.

The appraiser analyzes each verified comparable sale and compares it TO the subject property. Needed adjustments are determined and applied to the sales. The analysis is detailed in this portion of the appraisal report.

Perhaps more important than the method of adjustment selected is the sequence in which the individual adjustments are applied. Certain adjustments which reflect factors other than actual difference between the subject property and the comparable property should be applied first and preferably in the following order:

1. Adjustment for property rights conveyed with the comparable property.
2. Adjustment for non-typical financing terms (cash equivalency)

3. Conditions of Sale (Special motivation of Buyer or Seller)
4. Market Conditions (Time)

After these four factors have been considered and adjusted for, or shown to be not applicable, other adjustments related to the difference between subject and the comparable may be made, such as, location, size, age, etc.

Any other special market characteristics which affect bare land value need to be fully explained in this section. Comparability must be related to the conclusion of the Highest and Best Use.

To the extent possible, significant adjustments must be supported by some approved type of market documentation such as paired data sets.

Each comparable sale must be compared to the subject characteristics and an Indicated Value of the Subject provided.

The State's policy on entire taking appraisals may allow the land allocation to be set by previous market studies and knowledge of land sales in the area. If the cost approach is not going to be used and land value is for allocation purposes only, paragraphs 18, 19, 20, and 21 can be deleted. In this case state within the report that the land value is for allocation purposes.

***NOTE: Lump sum, undocumented or unexplained adjustments applied to comparable sales are not acceptable. Show all adjustments used to arrive at the indicated value for the subject. It is absolutely essential that the reasoning and factual data behind each adjustment be explained.***

#### **Sales Map:**

All comparable sales must be properly located on a sales map, showing their relationship to the subject's location. This map, in combination with the sales sheets, must include enough data (landmarks & directions) to allow the reader - including the Appraisal Reviewer - to physically locate the sales. The sales map is to be included in the appraisal report.

## **20. Summary of Comparable Sales Analysis:**

### **Summary of Comparable Sales Analysis:**

A review of the sales comparison data is to be placed in this paragraph. The reliability and comparability of the data is to be explained and a reconciliation of the various indicated values is to be made. A final unit land value conclusion is to be determined and identified. Averaging the individual comparable sales value indicators to arrive at the final value conclusion is not permitted. Properties having areas with different Highest and Best Uses may require separate unit land value conclusions for each Highest and Best Use. Concluding a range of values for a single land classification - or Highest and Best Use - is not appropriate unless the specific appraisal assignment so requires.

21. Summary of Land Value:					
Land Classification	Area			Unit Price	
1.		(AC) (SQ. FT.)	AT	\$	\$
2.		(AC) (SQ. FT.)	AT	\$	\$
3.		(AC) (SQ. FT.)	AT	\$	\$
4.		(AC) (SQ. FT.)	AT	\$	\$
5.		(AC) (SQ. FT.)	AT	\$	\$
6.		(AC) (SQ. FT.)	AT	\$	\$
				<b>Total for Land</b>	<b>\$</b>

### Summary of Land Value:

Land must be broken down into its various classifications when there are various types of land to be considered. (e.g. single-family residential; multi-family residential; commercial; etc.)

*Note: if the Highest and Best Use varies on the subject your sketch must show these various differences and indicate the separate areas of land classification.*

### 22. Valuation of the Entire Property by the Sales Comparison Approach.

### 23. Compare Five Year Sales History of Subject as Improved to Present Value.

The Sales Comparison Approach should always be used to value an improved property in eminent domain appraising if comparable market data exists. This approach to value is typically given the most weight in the final reconciliation of the approaches and the final value determination when adequate market data is available.

#### Five Year Sales History of the Subject as Improved:

If a sale of the subject as improved has occurred during the past five years, verify the sale with the buyer and/or seller and include it on an Improved Comparable Sale sheet with the appraisal report. Discuss the sale in Paragraph 23. State whether or not the sale is reflective of current market value for the subject.



## 24. Explain adjustments and relate comparable improved sales data to subject

If a sale of the subject is indicative of market value, the sale should be the first sale listed in the sales analysis in Paragraph 24. Any adjustments made to this sale should be shown and explained in this paragraph as with all the comparable sales that are used.

Of equal importance, if the appraiser concludes that the sale of the subject property is NOT indicative of today's market value, a detailed explanation is needed. It is insufficient to simply write "does not apply" or a similar expression. A clear understanding of whether or not a recent sale of the subject property is usable in valuing the property is essential to the agency in explaining its offer of Just Compensation to the property owner.

### The Comparison Process:

In comparing sales to the subject, the following features, plus any additional pertinent information, must be considered:

- a. Date of construction.
- b. Date of the sale.
- c. Land area.
- d. Quality of the sale as related to market --this includes motives, the amount of the initial payment, type of instrument, terms, etc.
- e. Size and quality/condition of improvements.
- f. Types and number of rooms and their relative utility or use.
- g. Depreciation and deferred maintenance.
- h. Desirability. Take into consideration neighborhood, style and functionality, etc.
- i. Remodeling of sales property since purchase.
- j. Type of heating system.

Columnar, comparative charts are excellent tools to guide appraisers to their value conclusions. All adjustments should be shown by narrative or grid comparing sales to subject. Whenever possible the sales search should have one sale expressing the upper limits of value and one expressing the lower limits of value, along with several in between that are more indicative of market value. This will tend to bracket the subject into its proper value position and remove doubts concerning comparability.

As stated under paragraph 19, the sequence of adjustments is important and should be applied as set out under that paragraph.

Lump Sum, undocumented or unexplained adjustments applied to comparable sales are not acceptable. Show all adjustments used to arrive at the indicated value for subject. It is absolutely essential the reasoning and factual data behind each adjustment be discussed.

### Sales Map:

All comparable sales must be properly located on a sales map, showing their relationship to the subject property. This is a requirement for all sales used under paragraphs 19, 24, 39, & 43 plus any other sales or properties used to document adjustments or valuation approaches such as rental comparables.

## 25. Summary of Comparable Sales Analysis:

### Summary:

Write a narrative summary that will call attention to the items compared noting the similarities and differences between sales and the subject property. The appraiser needs to explain the reliability, comparability, and adequacy of the data presented in Paragraph 24. Draw a single conclusion, reconciling the various indicated values relying on the most comparable sales. Averaging the individual comparable sales indications to arrive at the final value conclusion is not permitted.

## 26. Conclusion of Fair Market Value of the Entire Property by the Sales Comparison Approach. \$

State your final estimate of the improved site value by the Sales Comparison Approach.

## 27. Valuation of the Entire Property by the Cost Approach

- I will use a cost approach. See the attached sheet.
- I will not use a cost approach.

Explain:

**Note:** As stated in the Oregon Department of Transportation Right of Way Manual (4.355): *“ when adequate market sales data are available to reliably support the market value for the appraisal problem, the sales comparison approach is the only approach that is required.”* This is unique to eminent domain appraising. Consultant appraisers working for Oregon Department of Transportation can cite the Jurisdictional Exception provision in USPAP in these instances. In addition, the cost approach should not be used when improvements are old and suffer from significant depreciation and/or obsolescence.

### Valuation of the Entire Property by the Cost Approach:

Indicate in the appropriate space whether you will use the cost approach to value the subject property. If the cost approach is not used, explain why. Delete paragraphs 28, 29, 30 & 31 if the cost approach is not to be used.

## 28. Support of Cost Approach:

### Support of Cost Approach:

Document your source information as follows:

- a. If the improvements are new, use the actual contractor's costs if known for when the improvements were built, or what another reliable contractor would charge to build the improvements.
- b. Cost data from recent comparable construction.
- c. A formal estimate of cost prepared by a contractor.
- d. Reliable cost factor services. State the name and date of the cost factor book plus the section and the page used. The appraiser is to state the values used from the book and all calculations used in order to arrive at the final unit value so that the reader can attain the same results.

## 29. Explanation of Depreciation:

### Explanation of Depreciation:

Indicate the existence of total accrued depreciation:

- a. Physical depreciation.
- b. Functional obsolescence.
- c. External obsolescence (a.k.a. Economic Obsolescence)

A full explanation of each type of depreciation is required. Evidence of depreciation should be established by sales or rental data, if possible. The Straight Line Method and published depreciation tables are considered poor substitutes for market data.

## 30. Improvements (Based upon depreciated cost New:

Reproduction  Replacement

		Area	Per Sq Ft	Cost New	Depreciated		
1.		At		\$	\$		
2.		At		\$	\$		
3.		At		\$	\$		
4.		At		\$	\$		
5.		At		\$	\$		
6.		At		\$	\$		
					<b>Total for improvements: \$</b>		

### Improvements:

The table in Paragraph 30 is a summary statement of the cost figures computed by the appraiser. A full explanation of the cost data is to be presented in Paragraph 28.

Always indicate whether you used replacement cost or reproduction cost by marking the appropriate box in the above Paragraph 30.

Each improvement is to be listed separately with overall dimensions and actual square footage shown, along with the square foot unit value used for cost new. The cost new and the depreciated cost are to be listed for each improvement in the appropriate column.

Minor improvements, such as landscaping, should be valued based upon what they contribute to the entire property. Simply using the replacement cost of the landscaping is not appropriate unless the appraiser's analysis concludes that the contributory value equals the replacement cost. If this is the case, the appraiser should state that analysis conclusion in this paragraph.

**31. Conclusion of Fair Market Value of Entire Property by the Cost Approach:**

Land (from par. 21)	\$
Improvements	\$
Total	

**Conclusion:**

Total the values for the land and property improvements as estimated by the cost approach. Use the land value concluded in Paragraph 20 and summarized in 21.

**32. Valuation of the Entire Property by Income Approach:**

- I will use the income approach. See the attached sheet.  
 I will not use the income approach.

**Explanation:**

**32a. Conclusion of Fair Market Value of Entire Property by the Income Approach:**

Land	\$
Improvements	\$
Total	

**Note:** As stated in the Oregon Department of Transportation Right of Way Manual (4.355): "when adequate market sales data are available to reliably support the market value for the appraisal problem, the sales comparison approach is the only approach that is required." This is unique to eminent domain appraising. Consultant appraisers working for Oregon Department of Transportation can cite the Jurisdictional Exception provision in USPAP in these instances.

### Valuation of the Entire Property by Income Approach:

Indicate in the appropriate space whether you will use the income approach to value the subject property. If the income approach is not used, explain why and delete Paragraph 32a.

If the income approach is considered applicable, then the documentation and analysis of the data is to be included within this paragraph. Sales sheets, operating statements, and other support can be appended to the back of the report in addendum form.

The income approach should be used only for properties which generally are bought and sold as investment or income properties. There are many methods for processing an income stream: Capitalization of Income, Cash Flow Analysis, building residual, land residual, etc. A gross rent multiplier is generally considered a market data approach and should be included as part of the Sales Comparison Approach when it is considered appropriate to the analysis. The methods used should most accurately reflect the market and result in a credible appraisal result.

The income approach used must be carefully and properly applied. Gross income, vacancy rates, operating expenses, capitalization rates, etc. should be based on reliable market data and documented in your report.

Documentation of data should follow basic appraisal principles which include the following:

1. *Gross Income*: Make an effort to have the actual subject rent schedules or an explanation should be included as to why they are not included.
2. *Adjusted Annual Gross Income*: Develop the economic rent and adjusted gross income from typical properties and document by referring to the comparable(s) used. Judgment comments of the appraisers are to be included and fully explained.
3. *Vacancy and Credit Losses*: Document the adjustment and reference the data with market support.
4. *Operating Statement*: Whenever possible show the actual operating statement of the owner. The appraiser shall prepare an adjusted operating statement representative of typical properties. Do not lump a large number of costs into a "miscellaneous" group. Costs other than fixed costs should be complete, set out in detail and reserves included for items such as furnace, roof, carpeting, etc. that, because of their shorter life expectancy, require periodical replacement. When using the owner's statement be alert for items that are normally improper to include and omit such items (e.g. income taxes, going concern, good will, business name, -etc) and provide a full explanation of the adjustments made for accuracy and consistency.

5. *Capitalization Rates:* Direct capitalization converts one year's income into a value indication. The types of rates include the overall capitalization rate, the mortgage capitalization rate, the equity capitalization rate, and the building or land capitalization rates. Other approaches to capitalization include the band-of-investment technique. Regardless of the technique, obtaining rates from the market requires highly comparable data. Market data showing historical rates should be analyzed for changes in interest rates, inflation, tax laws, etc. Carefully verify and document the rates used. This figure has a multiplier effect and magnifies any errors in the process. Never assume a "reasonable" return to investment. In many markets, tax shelter considerations have created negative cash flows. These show very low capitalization rates and without careful investigation it would seem that the properties are grossly overpriced, based on their cash flow. Again, the market dictates the data used and the characteristics which influence the income stream.

**Conclusion of the fair market value by the income approach:**

Total the values of the land and improvements of the improved property estimated by the income approach. Allocate value between the land and improvement components based upon the land value conclusion reached in Paragraph 20 and summarized in 21.

**33. Summary of Separate Approaches to Arrive at Fair Market Value - Entire Property**

Sales Comparison	\$
Cost	\$
Income	\$

Explain correlation:                   **UPDATE APPRAISAL FORMS FOR SALES COMPARISON**

**Explain Summary of Approached used to Support the Market Value Opinion:**

The Sales comparison approach is typically given the most weight in the final reconciliation of the approaches and the final value determination when adequate market data is available. Express other considerations that influenced your final conclusion of value.

**34. Final Conclusion of Value of the Entire Property \$**

**Final Conclusion of Value of the Entire Property:**

The final conclusion of value as developed under the above reconciliation is placed here.

**35. Detailed Description of the Taking**

**Detailed Description of the Taking:**

Enumerate and describe everything in the taking area --land, buildings, wells, fences, signs, shrubs, etc. Describe takings of buildings or other appurtenances. Explain extent of access taken, the affect of easements on utility of use, etc. The taking should be

described as to shape, dimensions, location in relation to the entire property, and other details which affect value.

### 36. Valuation of Improvements Within the Taking:

#### Valuation of Improvements Within the Taking:

Improvements will have value to the extent that they contribute to the value of the overall subject property.

### 37. Detailed Description of the Remainder Property

#### Detailed Description of the Remainder Property:

Paragraph 17 of the appraisal report focused on a description of the larger parcel as it exists on the date of valuation - before the highway project has been built. Paragraph 37 requires a description of that portion of the larger parcel that will remain after acquisition of the right of way parcels - both fee takings and easements - and after the highway project has been built. The appraiser must assume that the highway improvement has been completed according to the construction plans and is in operation as of the valuation date. The same components of the property are to be discussed regarding the remainder property as were discussed in Paragraph 17: Zoning; Utilities; Access; Physical characteristics of the Site; remaining Improvements; and Highest and Best Use. Also similar to Paragraph 17, site sketches of the remainder property should be included in the appraisal. Refer back to the discussion of Paragraph 17.

#### Required Detail in Describing the Remainder Property:

The appraisal format to some extent determines the detail required in describing the remainder property. A Before and After appraisal report is in effect two appraisals: the appraisal of the property before the takings and the appraisal of the remainder property after the takings. Since the report requires a separate appraisal of the remainder property, the detail required for the description of the remainder will in general be greater in a Before and After report than in a Taking and Damages report.

In either format, however, if the takings result in a significant change in any components of the property, that change should be discussed in detail in Paragraph 37. Components that are changed by the takings should be completely re-described to reflect the After situation. Components that are not changed will typically not require as detailed of a description in the After situation. The goal of a good appraisal is to lead the reader to the same conclusions as the appraiser. This requires sufficient clarity in the description of the remainder property to allow the reader to understand the appraiser's analysis and conclusions regarding damages and Special benefits.

**Note:** Of particular importance is any change in the Highest and Best Use of the remainder property because of the highway improvement. The Highest and Best Use of the remainder property always needs careful and detailed description and analysis.

## Appraisal of the Subject Property After Taking

38. Estimate of Remainder Land Value:

39. Explain Adjustments and Relate Comparable Land Sales Data to Subject Remainder:

### Estimate of Remainder Land Value

The appraiser is to utilize the Sale Comparison Approach to arrive at a value conclusion for the site after the taking as if vacant and ready for development to its Highest and Best Use. The appraisal of the After value for the subject property shall be supported to the same extent as the appraisal of the Before value. This support may include one or more of the following:

- a. Sales comparable to the remainder properties.
- b. Sales of comparable properties from which there have been similar acquisitions or takings for like usages.
- c. Development of the income approach on properties which show economic loss or gain as a result of similar acquisitions or takings for like usages.
- d. Indications from severance damage studies as related to similar takings.
- e. Public sales of comparable lands by the State or other public agencies. Since these are not arm's length transactions, they can be used only to give added support for a value conclusion.
- f. In the event the data described in a - e above are not available, the appraisal shall so state and then detail the appraiser's reasoning to support the concluded estimate of value.

### Explain Adjustments and Relate Comparable Land Sales Data to Subject Remainder:

The Highest and Best Use analysis of the remainder land is the key to its appraisal. It is always desirable to find new sales that require less adjustment and yet are typical of the market. New sales are mandatory if there has been a change in Highest and Best Use of the property because of the takings. These sales must conform to the Highest and Best Use of the remainder property if they are to be supportive of the value conclusion. Sales of other remainder properties that have comparable use are preferred. Documentation, support, and explanation of adjustments must meet the same requirements as described in Paragraphs 19 & 24.

## 40. Summary of Comparable Sales Analysis:

A review of the sales comparison data is to be placed in this paragraph. The reliability and comparability of the data is to be explained and a reconciliation of the various indicated values is to be made. A final unit land value conclusion is to be determined and identified. Averaging the individual comparable sales value indicators to arrive at the final value conclusion is not permitted. Properties having areas with different Highest



and Best Uses may require separate unit land value conclusions for each Highest and Best Use. Concluding a range of values for a single land classification - or Highest and Best Use - is not appropriate unless the specific appraisal assignment so requires.

41. Summary of Remainder Land Value:						
Land Classification	Area				Unit	
1.			(AC) (SQ.FT)	At	\$	\$
2.			(AC) (SQ.FT)	At	\$	\$
3.			(AC) (SQ.FT)	At	\$	\$
4.			(AC) (SQ.FT)	At	\$	\$
5.			(AC) (SQ.FT)	At	\$	\$
6			(AC) (SQ.FT)	At	\$	\$

#### Summary of Remainder Land Value:

Land must be broken down to its various classifications when there are various types of land to be considered (uses, zoning, etc.). Those portions of the remainder affected by easements or damages are to be listed and valued separately. Your Remainder site sketch must show these various differences and indicate the separate areas of land classification.

#### 42. Valuation of Subject Remainder by Sales Comparison Approach: 43. Explain Adjustments and Relate Improved Comparable Sales Data to Subject Remainder:

#### Valuation of Subject Remainder by Sales Comparison Approach

Once the Remainder land value is established, the appraiser proceeds in this and the following Paragraphs to establish a value estimate for the Remainder property as improved, starting with the Sales Comparison Approach.

#### Adjusting and Relating Sales Data to Subject Remainder:

Use the following outline:

- a. If there is a new Highest and Best Use, then new sales must be used that are of comparable use.
- b. Sales of remainder properties from former right of way acquisition should be used when possible.

- c. If available, Land Economic Studies of interchanges and other applicable situations must be used.
- d. If there is no change in Highest and Best Use, a re-evaluation using applicable sales that are more comparable to the remainder property is necessary.

Compare all sales to the subject property as outlined in paragraph 24.

Consider "sale of subject", if applicable, as in paragraph 24.

#### 44. Summary of Comparable Sales Analysis:

##### Summary of Comparable Sales Analysis:

In Paragraph 44, write a narrative summary that will call attention to the items compared noting the similarities and differences between sales and the subject property. The appraiser needs to explain the reliability, comparability, and adequacy of the data presented in Paragraph 43. Draw a single conclusion, reconciling the various indicated values relying on the most comparable sales. Averaging the individual comparable sales indications to arrive at the final value conclusion is not permitted.

#### 45. Conclusion of Fair Market Value of the Subject Remainder by Sales Comparison Approach

\$

##### Conclusion:

State your estimate of the improved remainder site value by the Sales Comparison Approach in Paragraph 45.

#### 46. Valuation of Subject Remainder by Cost Approach:

- I will use a cost approach. See the attached sheet.
- I will not use a cost approach.

Explanation:

**Note:** As stated in the Oregon Department of Transportation Right of Way Manual (4.355): "when adequate market sales data are available to reliably support the market value for the appraisal problem, the sales comparison approach is the only approach that is required." This is unique to eminent domain appraising. Consultant appraisers working for Oregon Department of Transportation can cite the Jurisdictional Exception provision in USPAP in these instances. In addition, the cost approach should not be used when improvements are old and suffer from significant depreciation and/or obsolescence

##### Valuation of the Subject Remainder by the Cost Approach:

Indicate in the appropriate space whether you will use the cost approach to value the subject remainder. If the cost approach is not used, explain why. Delete paragraphs 47, 48, 49 & 50 if the cost approach is not to be used in this paragraph.

**47. Support of Cost Approach:**

**Support of Cost Approach:**

Document your source information in the same manner as in paragraph 28 if the factors affecting the cost information have changed. If estimates have not changed in the After situation then reference to the data used in the Before is sufficient.

**48. Explanation of Depreciation:**

**Explanation of Depreciation:**

A full explanation of each form of depreciation is required. Reference to paragraph 29, if applicable is sufficient. If the remainder improvements have suffered further functional obsolescence due to the taking, this must be documented in this Paragraph. Evidence of depreciation by sales or rental data is preferred over simply the appraiser's "judgment and experience".

**49. Improvements:**

Based upon depreciated cost New: Reproduction  Replacement

1.			At		\$	\$	
2.			At		\$	\$	
3.			At		\$	\$	
4.			At		\$	\$	
5.			At		\$	\$	
6.			At		\$	\$	

**Improvements:**

This is a summary statement of the cost figures computed by the appraiser. A full explanation of the cost data is to be presented in paragraph 47.

Always indicate whether you used replacement or reproduction by marking the appropriate box in the above paragraph.

Each improvement is to be listed separately with overall dimensions and actual square footage shown, along with the square foot unit value applied for cost new. The cost new and the depreciated cost are to be listed for each improvement in the appropriate column.

Minor improvements, such as landscaping, should be valued based upon what they contribute to the entire property. Simply using the replacement cost of the landscaping is not appropriate unless the appraiser's analysis concludes that the contributory value equals the replacement cost. If this is the case, the appraiser should state that analysis conclusion in this paragraph.

**50. Conclusion of Fair Market Value of Subject Remainder by the Cost Approach:**

Land (from par. 41)	\$
Improvements	\$
Total	\$

**Conclusion:**

Total the values of the land and improvements of the remainder property estimated by the cost approach. Use the land value concluded in Paragraph 40 and summarized in 41.

**51. Valuation of the Subject Remainder by Income Approach:**

- I will use the income approach. See the attached sheet.  
 I will not use the income approach.

Explanation:

**51a. Conclusion of Fair Market Value of Subject Remainder by the Income Approach:**

Land	\$
Improvements	\$
Total	\$

**Note:** As stated in the Oregon Department of Transportation Right of Way Manual (4.355): *“when adequate market sales data are available to reliably support the market value for the appraisal problem, the sales comparison approach is the only approach that is required.”* This is unique to eminent domain appraising. Consultant appraisers working for OREGON DEPARTMENT OF TRANSPORTATION can cite the Jurisdictional Exception provision in USPAP in these instances.

**Valuation of Subject Remainder by Income Approach:**

Indicate in the appropriate space whether you will use the income approach to value the subject remainder. If the income approach is not used, explain why and delete Paragraphs 51a.

If the Income Approach is considered applicable then the documentation and analysis of the data is to be included within this paragraph. The appraiser is expected to meet the same standards of reporting the documentation as is required in the valuation of the entire property in the Before situation. (Refer to Paragraphs 32 and 32a in the Guide)

## Compensable Damages and Special Benefits

### 52. Explanation of Loss of Value to the Remainder Property:

#### Explanation of Loss of Value to the Remainder Property:

If there is a loss of value (damage) to the remainder this is the only place in the report to make a complete explanation of the causes of the damage. Carefully and completely present the details. In many cases you should also explain your conclusion that there are no damages to the remainder. An example would be where access control is taken and no compensation is indicated (see discussion on Access). Explain the reasoning and facts which led to the conclusion. The question of no damages for an item can be controversial and requires careful explanation and/or documentation. If additional photos and sketches will help, do not hesitate to submit them. Your sketch must make a graphic exhibit to assist in clarifying your basis for damages.

There are two types of damages, curable and incurable. Incurable damages are those losses in value to the remainder which cannot be cured in some way (e.g. loss of parking which cannot be replaced). Curable damages are those damages which can be mitigated or eliminated by physical modifications to the remainder (e.g. replace the septic system). The cost-to-cure is the monetary amount required to make all the necessary modifications. **A cost-to-cure can only be used to offset greater compensable damages.** The Oregon Department of Transportation Right of Way Manual also addresses cost-to-cure in section 4.445. Section

The appraiser should be aware that there are some types of economic damages that are by law non-compensable under eminent domain. "Non-compensable" means that, although there may be a decrease in value to the remainder property due to certain specific factors related to the highway project, which decrease in value cannot be compensated for under Just Compensation. Refer to 4.450 in the Oregon Department of Transportation Right of Way Manual for a listing of some non-compensable damages. Also, refer to 4.480 regarding non-compensable acquisition of access rights.

It is especially important to be aware of the distinction between compensable and non-compensable damages when using the Before and After Appraisal format. The Before and After Appraisal, if done properly, will capture both compensable and non-compensable damages in the difference between the Before and the After values. The appraiser is required to segregate out the non-compensable damages and identify them separately from the compensable damages in Paragraph 52. The value of non-compensable damages should not be included in the appraiser's final value conclusion. This requirement makes it essential that the appraiser have a clear understanding of what is and isn't non-compensable. If uncertain as to which category particular damages belong, the appraiser should get clear direction from the Right of Way Project Manager or the Appraisal Reviewer before completing the appraisal. If the appraisal is being done for condemnation trial purposes, the Department of Justice Trial Attorney should be asked for direction.

It is not the task nor the responsibility of the appraiser to debate with the agency over what should be compensable. That determination is the responsibility of the agency in complying with state and federal laws. It is the agency that will defend its offer of just compensation with the property owner and, if necessary, in a condemnation trial. The professional integrity of the appraiser is not at risk, since the agency's directions to the appraiser to treat a particular damage item as non-compensable can and should be included in the appraiser's limiting assumptions.

**53. Explanation of Increase of Value to the Remainder Property:**

**Explanation of Increase of Value to the Remainder Property:**

If there is a gain of value for the remainder property as a result of the project (benefit), the analysis and discussion should be done in Paragraph 53 of the report. There are two categories of benefits: General benefits, and Special benefits. Special benefits may be used to offset the loss in value from a compensable damage; General benefits may not be used to offset damages. Like compensable and non-compensable damages, both categories of benefits would be captured when using the Before and After Appraisal format. So, it is essential that the appraiser understands the distinction between the two categories.

In brief, General benefits from a project affect the project neighborhood or community at large. Special benefits from a project apply to an individual remainder property based upon its special relationship to the project. Special benefits do not typically apply to the neighborhood or to properties that do not abut the project. Refer to 4.455, 4.460 and 4.465 in the Oregon Department of Transportation Right of Way Manual for more information on how to handle benefits. If there is uncertainty as to which category a measured benefit falls under, get direction from the Right of Way Project Manager or the Appraisal Reviewer. If the appraisal report is prepared for condemnation trial purposes and it is unclear, direction for Department of Justice Trial Attorney on what category the benefit will be considered may be necessary.

**54. Cost to Cure Alternates: The following items of damage or taking can be reduced if cost to cure procedures can be applied:**

	Damage Item	Damage Not Using Cost to Cure		Cost to Cure		Damage, if any after cost to cure
1.		\$		\$		\$
2.		\$		\$		\$
3.		\$		\$		\$

Explanation:

**Cost-to-Cure Alternates:**

Show a cost-to-cure with an adequately supported estimate. When a contractor's estimate is needed for proper documentation supply a written copy in the addendum of the report Identify the contractor who provided the estimate. Be descriptive in explaining the application of any cost-to-cure and the damages that are mitigated. The damage being offset should not be measured by its cost-to-cure. The offset damage amount must be equal to or greater than the cost-to-cure in order for the cost-to-cure to be feasible. If a cost-to-cure is not feasible, then the amount of the compensable damages is included in the final appraisal value.

**55. Correlation of Separate Approaches to Arrive at Fair Market Value - Subject Remainder**

Market Data	\$
Cost	\$
Income	\$

Explain correlation:

**Explain Correlation:**

The Sales comparison approach is typically given the most weight in the final reconciliation of the approaches and the final value determination when adequate market data is available. Express other considerations that influenced your final conclusion of value.

**56. Final Conclusion of Value of the Subject Remainder** **\$**

**Final Conclusion of Value of the Subject Remainder:**

The final conclusion of value as developed under the above correlation is placed here.

**ALLOCATION SHEET**  
**TOTAL VALUE OF THE TAKING IS ALLOCATED AS FOLLOWS:**

**Allocation Sheet:**

Show the total value placed on the taking, detailing the breakdown of land values, improvement values, damages and Special benefits. For an entire taking, this value should total (or be rounded to) the value of the entire Larger Parcel.

<b>57. LAND:</b>					
	LAND CLASSIFICATION	AREA	UNIT PRICE		
1.			@ \$	\$	
2.			@ \$	\$	
3.			@ \$	\$	
4.			@ \$	\$	
5.			@ \$	\$	
6.			@ \$	\$	
<b>TOTAL FOR LAND:</b>				\$	

**Land:**

The various classifications of land must be broken down in the allocation. Generally the allocation will be by the different parcels being acquired (e.g. Parcel 1 -Fee, Parcel 2 - Temp. Ease.). Total the allocation for land on the appropriate line. This total is to be reported in the allocation on summary page 1 of the report under "Land".

<b>58. IMPROVEMENTS IN TAKING:</b>				
1.				\$
2.				\$
3.				\$
4.				\$
5.				\$
6.				\$

**Improvements:**

List all the improvements in the taking and the values concluded in the body of the report. This is totaled and is to be reported in the allocation on summary page 1 of the report under "Improvements".



**59. VALUE OF TAKE (Land and Improvements)**

**Value of Take:**

Add the value of the land to the value of the improvements.

**60. DAMAGES TO REMAINDER: (Land and Improvements)**

**INCURABLE:**

1.	_____	\$ _____
2.	_____	\$ _____
3.	_____	\$ _____
<b>TOTAL INCURABLE DAMAGES:</b>		\$ _____

**CURABLE (Cost to Cure Estimates):**

1.	_____	\$ _____
2.	_____	\$ _____
3.	_____	\$ _____
<b>TOTAL COST TO CURE:</b>		\$ _____
<b>TOTAL DAMAGES TO REMAINDER (Curable Plus Incurable)</b>		\$ _____

**Damages to Remainder:**

The damages to the remainder are classed as either incurable or curable. There are instances where both types of damages are present. List the incurable damages first; these are the damages where the reduction in value to the remainder cannot be cured (e.g. loss of parking which cannot be-replaced), or the cost-to-cure estimate is greater than the loss to the property. A full explanation of the causes of the damages is to be set out in paragraph 52. Curable damages are those damages where some avenue to mitigate or remove the loss in value is available and is less than the damage incurred. The explanation of the cause of the damage, the actual damage incurred, and the cost-to-cure estimate is to be set out in paragraph 54. The total damages are a combination of the incurable and curable damages. This total is recorded in the allocation on summary page 1 of the report under "Damages".

**Note:** Non-compensable damages, discussed under the Paragraph 52 instructions of the Guide, are not to be included in Paragraph 60 of the Allocation page. They are not a part of Just Compensation. They should, however, be identified, discussed and segregated out along with their values in the narrative under Paragraph 52.

**61. SPECIAL BENEFITS:**

\$ \_\_\_\_\_

**Special Benefits:**

The Special benefits to the remainder property as determined in paragraph 53 are to be set out in this space. This total is recorded in the allocation on summary page 1 of the report under "Special Benefits". Special benefits can only be applied to offset damages to the remainder; they cannot offset the compensation for the taking.

(Note:) *General benefits* discussed under the Paragraph 53 instructions of the Guide, are not to be included on the Allocation page. They should be identified, discussed and segregated out in the narrative under Paragraph 53.

<b>62. NET DAMAGES:</b> (Total Damages Minus Special Benefits	\$
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**Net Damages:**

The mathematical computation of subtracting the Special benefits from the total damages provides the net damages the remainder property has incurred. This figure cannot be less than zero since the Special benefits can only offset damages.

<b>63. FAIR MARKET VALUE:</b>	\$
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**Fair Market Value:**

This is the total value for the taking and damages, if any, which the appraiser has estimated. It is the total of land, improvements and net damages. After the figures have been totaled then the figure may be rounded using the system of significant figures.

<b>64. FENCING ALLOWANCE:</b>	_____ L.F. @ \$ _____ /L.F. =	\$ _____
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**Fencing Allowance:**

Where a fencing allowance is to be used, directions will be given to the appraiser by the Project RW Manager. When a fencing allowance is used (such as in situations involving livestock), the figures are to be inserted here. The depreciated replacement value of any fencing being taken is a part of just compensation and should be included under the Improvements valuation. The difference between the depreciated replacement value and the cost new for livestock fencing is the fencing "allowance". Although similar to a cost-to-cure, it is legally not a part of just compensation. That is why it is set out separately on the Allocation sheet. The policy dealing with fencing allowances is explained in the Right of Way Manual under section 4.400.

<b>65. HAZARDOUS WASTE INVESTIGATION STATEMENT:</b>	<input type="checkbox"/> Appropriate
	<input type="checkbox"/> Not Appropriate

**Hazardous Waste Investigation Statement:**

If in the investigation of the subject property and through conversations with the property owner and/or occupant the appraiser is led to believe hazardous materials may be present, the appraiser is instructed to report the findings to the Region RIGHT OF WAY Project Manager and stop all work on the appraisal report until direction is received as to what action is necessary.

Hopefully, questionable properties will already be identified by the region during the project design and development stage and instructions to the appraiser will include results of any specific testing or sampling the agency had done. Any reports provided by the State are to aid the appraiser and do not relieve the appraiser of the responsibility to perform a prudent, diligent and thorough site inspection

Typically, the appraiser is to value property as-is. So if contamination is present, without any other direction given,, the appraiser would value it as dirty. Clear direction on this should be provided in the appraisal assignment or sought from the Region Right of Way Project Manager if the contamination was first identified during the appraisal inspection. The economic impact of the presence of hazardous material should be measured in the market through sales of comparable properties when possible. If a cost-to-cure is considered, it is not appropriate for the appraiser to simply use a cost estimate of what it would take the agency to clean up the site to meet its project needs. Highway project needs are specific to the agency and may not reflect the level of cleanup that is required in the private marketplace. It is market value that the appraiser is charged with estimating, so clean-up requirements and costs should reflect the market. The appraiser should also factor in whether the market would recognize any residual "blight" of the type of property being appraiser following clean up resulting in a lower value. This may require discussions with Department of Environmental Quality.

If the property owner indicates that they will eliminate the hazardous material prior to Oregon Department of Transportation's purchase, the agency should be told this. If the property owner enters into a signed agreement with the agency showing that the property will be cleaned prior to the sale, the appraiser may then be directed by Oregon Department of Transportation to value the property as if "clean", ignoring any economic impacts from the existing contamination.

In some instances the appraiser may be asked to produce both an as-is ("Dirty") value and a clean value. The Region Right of Way Project Manager, in consultation with the Appraisal Reviewer should provide clear direction on this to the appraiser.

The following disclaimer statements have been approved by our legal counsel:

I. If there is reason to believe hazardous materials might be present:

*"My investigation of subject property and conversations with the property owner and/or occupant leads me to believe that hazardous materials may be present. The evidence leading me to this conclusion is as follows:"* (Insert as many paragraphs as needed to describe circumstances.)

*"No responsibility is assumed for any condition created by the presence of hazardous materials, or for any expertise or engineering knowledge required to verify or discover the existence of them. You are urged to retain an expert in this field if verification and/or identification are desired."*

II. If there is no reason to believe hazardous materials might be present:

*"My investigation of subject property and conversations with the property owner and/or occupant reveal no apparent evidence of the presence of present or previous hazardous waste activities. I did not observe during inspection of subject property any materials considered to be hazardous including, but not limited to, asbestos, urea-formaldehyde, or foam insulation. However, I am not qualified to detect such substances. The value estimate contained in this report is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for the expertise required to detect them. You are urged to retain an expert in this field, if desired."*

#### CERTIFICATE OF APPRAISER

Every completed appraisal report must have a signed Certificate of Appraiser attached. An appraiser who is new to Oregon Department of Transportation work must read through the Certificate and understand what it is he or she is signing. The appraiser fills in the date(s) of the appraisal inspection(s). The appraiser then fills in the date of value along with the final rounded value estimate. The date of value is typically the date of the most recent inspection of the property. If the appraisal is being done for Condemnation trial purposes, the date of value will be provided by the Department of Justice attorney as part of the assignment. The appraiser's final value should follow appropriate appraisal protocol regarding rounding. An appraisal value estimate must never imply a degree of accuracy that is unrealistic and beyond the capability of the market. Discuss Oregon Department of Transportation's rounding policy with the Region Right of Way Project Manager or with the project Appraisal Reviewer.

The date line next to the signature line is the date the appraisal report has been completed.