

4 Information for Appraisers

4.1 General

The material in this manual establishes acceptable standards and guidelines for appraisal reports and other related reports prepared by or for the Georgia Department of Transportation (GDOT) and in compliance with Federal Code Title 49, Part 24 and Georgia Code Titles 22 and 32, where applicable.

4.2 Function and Purpose

GDOT has a Right of Way General Office centralized in Atlanta, Georgia, home of GDOT's headquarters. There are seven (7) GDOT District Offices throughout the state. Each GDOT District Office has a District Right of Way Section located within that office. For statewide consistency with appraisal/appraisal review policies, procedures, and services, the Appraisal/Appraisal Review Unit was formed and set up as a function of the General Office. GDOT Review Appraiser Staff and Consultant Review Appraisers make up this Appraisal/Appraisal Review Unit. While approved consultant appraisers provide the majority of the appraisals needed for GDOT use, some district right of way staff may elect to appraise parcels at their discretion. The Appraisal/Appraisal Review Unit coordinates directly with right of way acquisition personnel (staff or consultants) to assist them with their appraisal and review appraisal project needs.

4.3 Policies

Appraisals are primarily requested and received by GDOT for use on assigned transportation projects. They are obtained primarily for estimating the "fair market value" of the property to be acquired, including determining any consequential damages to the remainder land or improvements, when applicable. However, some appraisals are requested and obtained for determining "fair market value" of surplus properties to be sold.

4 Definitions

1. Appraisal/Appraisal Review Services - services provided by an appraiser or review appraiser who holds a Certified General Real Property Appraiser Certification, as issued by the Georgia Real Estate Appraisers Board. "Appraisal" means an analysis, opinion, or conclusion prepared by an appraiser relating to the nature, quality, value, or utility of specified interests in, or aspects of, the identified real estate. The act or process of: estimating value, an estimate of value, of or pertaining to appraising and related functions.
2. Associates - Two or more appraisers who benefit financially from work done by any one of them OR who are employed by the same business OR are officers of the same business.

3. State of Georgia Appraiser Certification - The numbered document issued by the Georgia Real Estate Appraisers Board which permits the holder to perform appraisal services within the State of Georgia. There are four types of real property appraisers: Registered, Licensed, Certified Residential and Certified General. Certified General Real Property Appraiser: may appraise any type of real property for most any purpose. It should be noted that the Department only hires approved Certified General Real Property Appraisers to prepare GDOT appraisals.
4. Uniform Standards of Professional Appraisal Practice (USPAP) - as set forth by the Federal Government's Appraisal Standards Board. Appraisals are completed in a limited or complete manner using a reporting method, which is restricted, summarized, or narrative. The minimum requirements of any report must include the following (as taken from the updated USPAP, Standards Rule 2-2. (Restricted Appraisal Report)
 - State the identity of the client, by name or type, and state a prominent use restriction that limits the use of the report to the client and warns that the appraiser's opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's work file.
 - State intended use of the appraisal.
 - State information sufficient to identify the real estate involved in the appraisal.
 - State the real property interest appraised.
 - State the type of value, and cite the source of its definition.
 - State the effective date of the appraisal and the date of the report.
 - State the scope of the work used to develop the appraisal.
 - State the appraisal methods and techniques employed, state the value opinion(s) and conclusion(s) reached, and reference the work file, exclusion of the sales comparison approach, cost approach, or income approach must be explained.
 - Clearly and conspicuously: state all extraordinary assumptions and hypothetical conditions; and state that their use might have affected the assignment results.
 - Must include a signed certification in accordance with Standards Rule 2-3.

5. Market Value or Fair Market Value (these terms are synonymous with regard to GDOT's policies and procedures) - The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
 - Buyer and seller are typically motivated.
 - Both parties are well informed or well advised, and acting in what they consider their own best interests.
 - A reasonable time is allowed for exposure in the open market.
 - Payment is made in terms of cash in U.S. Dollars or in terms of financial arrangements comparable thereto.
 - Price - price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
6. Just Compensation - An amount of compensation to be received by a party for the taking of the whole or taking of a portion of their property under the powers of eminent domain, as granted by the Fifth Amendment to the United States Constitution.
7. Full Compensation - Just Compensation for property, including damages, or offsetting special/specific benefits plus additional costs such as moving expenses, reestablishment expenses, replacement housing differentials, or rental unit differentials requiring supplemental payments.
8. Larger Parcel - Tract or tracts of land which are under the beneficial control of a single individual or entity and have the same, or an integrated, highest, and best use. The property determined as being the whole subject property prior to acquisition; must pass the tests of use, contiguity or proximity, and ownership.
9. Permanent Easement - A permanent, non-possessory property interest which one entity, (person, partnership or corporation), has in land owned by another entitling the holder of the interest to limited use or enjoyment of the other's land (i.e. easement for construction and maintenance of slopes or permanent drainage easement).
10. Temporary Easement - A temporary, non-possessory property interest which one entity, (person, partnership, or corporation), has in land owned by another

entitling the holder of the interest to limited use or enjoyment of the other's land for a specified period of time (i.e. temporary construction easement for sediment control for a pond).

11. Driveway Easement - Georgia Department of Transportation often notifies a property owner that they will be creating or reconstructing a driveway into the subject property to align and function with the new roadway section. This is normally a non-compensable item.
12. Negotiate for Services (NFS) – A process of acquiring uncomplicated parcels. The Federal Highway Administration has approved Georgia Department of Transportation and Local Governments to negotiate uncomplicated parcels from a Cost Estimate not to exceed \$15,000. All guidelines will be followed as outlined in 49 CFR 24.102(c) (2).
13. Data Book – A data book is the compilation of real estate market information related to the project and parcels to be appraised. The objectives of the data book are to present general market information, descriptions and definitions which the appraiser considered in preparing the appraisal reports and present the data and the supporting analyses, opinion and conclusions drawn from the market information.
14. Georgia Department of Transportation Pre-Qualification Appraisers List - List of fee appraisers approved to perform real estate appraisals for Georgia Department of Transportation. All Georgia Department of Transportation pre-qualified appraisers must have an active Certified General Real Property Appraiser Certification from the State of Georgia Real Estate Appraisers Board. Appraisers on the Pre-Qualification List are classified in Levels according to their expertise and ability to perform progressively difficult appraisal assignments. The level is assigned by a Reviewing Committee consisting of the State Appraisal/Appraisal Review Manager, Assistant State Appraisal/Appraisal Review Manager, and two (2) other Right of Way Unit Managers. Appraisers on the Pre-Qualification List are classified as follows:

Level 1

- a. Minimum of 2 years of eminent domain appraisal experience for Georgia Department of Transportation or Local Government Projects
- b. Approved to bid on and complete:
 - Strip takes only from vacant land (all property types) where no damages are evident
 - Total Acquisitions of single-family residential properties

Level 2

- a. Minimum of 3 years of eminent domain appraisal experience for Georgia Department of Transportation or Local Government Projects
- b. Approved to bid on and complete:
 - Level 1 and 2 appraisal problems
 - Before and after acquisitions of vacant land (all property types)
 - Single-family residential structures with or without damages
 - Surplus property (land only)

Level 3

- a. Minimum of 4 years of eminent domain appraisal experience for Georgia Department of Transportation or Local Government Projects
- b. Approved to bid on and complete:
 - Level 1, 2 and 3 appraisal problems
 - Before and after acquisitions of residential structures with or without potential damages
 - Commercial properties with or without damages
 - Surplus property appraisals which may include recorded easements or access breaks

Level 4

- a. Minimum of 5 plus years of eminent domain appraisal experience for Georgia Department of Transportation or Local Government Projects
- b. Approved to bid on and complete:
 - Level 1, 2, 3 and 4 appraisal problems
 - Appraisals in which a regional data search may be required

- Before and after acquisitions of improved properties of the most complex levels of difficulty, requiring an extensive and perhaps innovative analysis to determine value and /or potential damages. Examples of such appraisals may include: Partial acquisitions of non-residential property with partial mitigation of consequential damages, and partial and total acquisitions of complex properties such as regional shopping centers, transportation facilities, communications facilities, automotive dealerships, franchise restaurants, motels, hotels, and multi- family residences, office and industrial parks.

4.5 Appraisal Personnel

- A. State Appraisal Review Manager - Directs the work activities of various personnel in the performance of appraisal, right of way cost estimation, appraisal review, administers the operation of the state's approved appraiser/specialty contractor rosters and related contractual procedures, policy implementation, valuation theory, methodology to appraisal and review section staff, acquisition team managers, team members, other department staff employees, and private sector individuals.
- B. Asst. State Appraisal Review Manager – Along with the Appraisal & Review manager directs the work activities of various personnel in the performance of appraisal, right of way cost estimation, appraisal review, administers the operation of the state's approved appraiser/specialty contractor rosters and related contractual procedures, policy implementation, valuation theory, methodology to appraisal and review section staff, acquisition team managers, team members, other department staff employees, and private sector individuals. The Asst. Appraisal & Review Manager is the direct supervisor of the cost estimating unit.
- C. State Appraisal Reviewer- Responsible for review and approval of all appraisals and data books for negotiations and acquisitions as well as other appraisal related activities.
- D. Fee Reviewer Appraiser - Contracted individuals external to Georgia Department of Transportation responsible for appraisal review and recommendation of value for approval by the Review Manager for the Department.
- E. Fee Appraisers - Individuals or firms external to the Department with contractual obligations creating responsibility for appraising property and estimating impact of acquisition.
- F. Specialty Contractors - Contract individuals or firms external to Georgia

Department of Transportation who provide cost and design information for right of way questions and/or problems.

4.6 Appraisal Procedures/Three Methods of Valuation

A. Negotiation for Services (NFS) – Cost Estimate

Federal Highway Administration has approved Georgia Department of Transportation and Local Governments to negotiate uncomplicated parcels from a Cost Estimate not to exceed \$15,000. All guidelines will be followed as outlined in 49 CFR 24.102(c) (2). The determination to negotiate based on this concept will be made by the District Right of Way Team Managers or Local Government Representative in consultation with the Appraisal Review Staff. For all state acquired projects, NFS should be the recommended procedure for all simple acquisition parcels. If determined practical, a combination of both appraising a portion of the project and negotiating from a Cost Estimate on the remaining portion. This decision must be approved by the Review Staff. The value ranges are approved for 60 days (expiration date must be stated). Forms to be used are:

- Cover Letter (Revised August 1, 2010),
- Cost Estimate Summary Sheet (Revised August 1, 2010),
- Parcel Value Documentation (Revised August 1, 2010),
- Comparable Sales Data (Revised August 1, 2010),
- Subject and Sales Analysis for Parcels Under \$15,000 (Revised March 9, 2018), and
- Comparable Photograph Sheet (Revised August 1, 2010).

B. Negotiation for Services - Data Book

Federal Highway Administration has approved Georgia Department of Transportation and Local Governments to negotiate for service up to \$25,000 for acquisition of uncomplicated parcels.

C. Appraisals

Appraisals are required when other methods are not used or are not applicable. The function of Appraisals is to assure that property owner(s) is/are offered fair market value for real property, and to provide support for the expenditure of public funds. Fee appraisers are hired when the workload of the acquisition team requires it or the complexity of the assignment or the potential for condemnation necessitates it. Appraisal reports are used by District Teams and others, after Review Appraiser

Last Revised 10/2020

approval, for negotiation and acquisition of property rights in conjunction with right of way creation or expansion. Appraisers must use one of the following formats:

1. 388C: Simple Strip Acquisition
 - a. Total Acquisition of Land (All Types) with and without minor site improvements; or
 - b. Partial or Strip Acquisition of Land (All Types) with and without minor site improvements and minor cost to cure items; should not be used if there is any impact (damages/benefits) on the remainder
2. 388N: Before and After - all other acquisitions, any property with impact on the remainder must be appraised in this format (including limits of access).

4.7 Appraiser Pre-Qualifications and Requirements

A. Fee Appraisers - Approved Pre-Qualification Appraisers Roster

All appraisers must complete the Pre-Qualification Application provided by the Procurement Office in order to be approved to perform Georgia Department of Transportation appraisals. The applicant must complete this pre-qualification application every three years.

1. Minimum Qualifications and Requirements for New Applicants
 - a. Certified General Real Property Appraiser Certification Required. (Registered, licensed, or certified residential designations are not approved classifications). As a condemning agency dealing with federally funded road improvement projects, the Department must have maximum flexibility in hiring fee appraisers who are qualified to perform all levels of work involving all types of property with no limits on value.
 - b. Evidence of a minimum of 2 years of eminent domain appraisal experience or demonstration of ability to perform such work based on past experience: Appraisers must provide evidence of past eminent domain appraisal experience, including actual appraisal reports or lists of projects and level of participation, for review by the Department, specifically by the Review Manager and reviewing committee.
 - c. Eminent Domain Appraisal Course - all new applicants must have successfully completed a recognized eminent domain or condemnation appraising course by an approved education provider by the Georgia Real Estate Appraisers Board.

2. Application

- a. Application to Pre-Qualified Appraisers Roster is Approved or Denied by the Reviewing Committee that consists of the Review Appraiser Manager, the Assistant Review Appraiser Manager and a minimum of two (2) Right of Way Unit Managers. Interviews shall be completed on a quarterly basis.
 - If application is approved, appraisers are notified in writing and their names are included on the Pre-Qualified Roster in the Procurement Office.
 - If application is denied, the appraiser has the right to reapply once the requirement for denial is met.
 - Appraisers requesting reclassification of approved level must follow the protocol as set out by the Appraisal and Review section.
 - Appraisers requesting a reclassification to Level 2 or 3 must make a request in writing to the Appraisal and Review Manager. The Appraisal and Review Manager will direct the appraiser to identify 3 parcels in coordination with the assigned review appraiser on a project that the appraiser's Master Prime is currently working on. These parcels must be of a significant difficulty to fully test the appraiser's ability to complete work at the level for which they wish to qualify. Those reports will be reviewed by the assigned review appraiser and discussed with the Appraisal and Review Manager as to quality and indicated overall ability of the appraiser to competently complete that level of work. The appraiser will be notified in writing of the decision to approve or deny the level reclassification.
 - Appraisers wishing to be reclassified as a Level 4 appraiser must make a request in writing to the Appraisal and Review Manager to be reclassified as a Level 4 appraiser. The appraiser will submit previously completed work samples of the most difficult Level 3 assignments completed. The Appraisal and Review Manager will review these reports and discuss the past performance with both staff and fee review appraisers with which the appraiser has worked. The appraiser will be notified in writing of the decision to approve or deny the level reclassification.
- b. Current Approved Classification or Status (active, suspended) with the Department are also considered at the time of reapplication for inclusion on the pre-qualified appraisers roster.

4.8 Appraisal and Specialty Report Assignment Process

- A.** General Office assigns a project to a District Right of Way Acquisition Team Manager or a Consultant Right of Way Project Manager.
- B.** Complete Project Detailed Cost Estimate – The District Right of Way Acquisition Team Manager or Consultant Right of Way Project Manager is responsible for estimating the cumulative costs and acquisition schedule of a project before acquisition, including costs of appraisals, specialty reports, negotiation, relocation, condemnation, and incidental items and the anticipated amount of time to perform all the required functions. Team submits cost estimate to the General Office for approval of right of way funding.
- C.** After the Detailed Cost Estimate is completed, the District Right of Way Acquisition Team Manager or Consultant Right of Way Project Manager submits a “Request for Reviewer” form to the Appraisal and Review Manager, who assigns a Review Appraiser to work on the project, if necessary.
- D.** Preliminary Inspection of the Project with the Reviewer
 - 1. The assigned Review Appraiser or a qualified Review Appraiser Staff member designated by the Appraisal and Review Manager must inspect each project with the District Right of Way Team Manager or a qualified Team Member (preferably a Right of Way Specialist III or IV - General Certified Appraiser) or the Consultant Right of Way Project Manager, in order to accomplish the following tasks:
 - 2. Review project plans on site in order to discover and recommend corrective solutions to plan problems prior to assignment of appraisals.
 - 3. Determine the anticipated scope of the appraisal problem for each parcel and the format of the appraisal (388C or 388N). The anticipated Scope of Work for each appraisal assignment will be determined by the assigned review appraiser based upon the Master Prime Valuation Services menu of services. The scope of work must be as detailed as possible in order to ensure that all potential valuation problems and issues are addressed. This scope of work will include both the real estate appraisal requirements and any specialty reports that are deemed necessary. The minimum award for any appraisal is \$500; however, the State Right of Way Administrator may waive this minimum award to a value of not less than \$100 on local government projects. Georgia Department of Transportation projects are not eligible for a reduction in this award. Local sponsor projects may be considered for reduction if request is made to the State Right of Way Administrator. The local sponsor must send a letter to the State Right of Way Administrator requesting the reduction and outlining the reason for the request. The State Right of Way Administrator will follow up this request with a disposition letter either granting a waiver and reduction or not granting a waiver. This

disposition letter from the State Right of Way Administrator will state the reason for the departure from the standard minimum award and will identify the minimum award. The letter must be secured by the Pre-Acquisition Manager from the State Right of Way Administrator and provided to the assigned Reviewer before the appraisal process begins.

4. The assigned Review Appraiser should consider a second opinion appraisal report for all parcels with an estimated opinion of value of \$500,000 or greater. The assigned Review Appraiser may recommend to the Right of Way Administrator, Assistant Right of Way Administrator, State Appraisal/Appraisal Review Manager, or the Assistant State Appraisal/Appraisal Review Manager to waive the requirement of a second opinion appraisal report for parcels estimated to be valued over \$500,000 should the assigned Review Appraiser determine the scope is uncomplicated and therefore a second report is unnecessary. A second opinion appraisal report can also be ordered for any parcel in which a Review Appraiser, District Right of Way Team Manager, Administrative Review Officer, Consultant Right of Way Project Manager, Consultant Acquisition Manager, or State ROW Program Manager determines a parcel is sufficiently complicated enough to warrant a second opinion of value, OR changing conditions have occurred OR additional information has been discovered and therefore a second appraisal report is warranted.
5. The Right of Way office will now utilize competitive bid procedures for the procurement of real estate appraisal services only on a limited basis on GDOT projects. Local Sponsors acquiring right of way under the Local Public Agency guidelines will continue to operate under the procedures outlined in Chapter 8.
6. Master Prime Valuation Services contracts are in place to simplify and streamline the procurement of valuation services for all GDOT managed projects. Master Prime Valuation Service providers are organized into teams of real estate appraisers and specialty contractors in order to provide the completed real estate appraisal deliverable. There are two awarded Master Prime Valuation Service contractors for each District right of way unit. Based on the current workload of the District Right of Way Acquisition Team, complexity of the project, potential appraisal problems, and/or potential for condemnation, the Review Appraiser and District Right of Way Team Manager may decide to procure valuation services from either of the two Master Prime Valuation Services contractors for that particular district.
7. Decide if specialty reports will be required as part of the valuation process. If so, determine which types of specialty reports are necessary (i.e. signs, costs to cure, trade fixtures, environmental assessments, timber cruises, etc.)
8. During the project inspection, the Review Appraiser and District Right of Way Acquisition or Consultant Right of Way Project Manager will identify any parcels that have buildings located partially in the acquisition and partially on the

remainder. These parcels will require an encroachment easement for the demolition of the building. Property Management will identify the area required for building demolition. This will be added to the plans by design. This easement will be paid for as a temporary easement for a determined duration to be specified by the Team Managers.

- E.** The Review Appraiser's Project Inspection Checklist outlining the above information must be completed and submitted along with the Project Inspection Checklist Transmittal Memo to the District Right of Way Team Managers or Consultant Right of Way Project Manager before the scope of work is completed.

- F.** Development of the Master Prime Valuation Services Task Order
 - 1. Based upon the Project Inspection Checklist, The assigned Review Appraiser and District Right of Way Team Managers or Consultant Right of Way Project Manager jointly develop a preliminary Scope of Work spreadsheet with detailed menu items to address all anticipated valuation problems. The completed preliminary scope of work spreadsheet along with right of way plans will be provided to the selected Master Prime for his/her review and analysis. The Master Prime/Project Lead Appraiser should perform their own complete project inspection in order to verify the proposed scope of work.

 - 2. A formal scoping meeting will be scheduled to include the review appraiser, District Right of Way Team Managers and/or Consultant Right of Way Project Manager and the Master Prime/Project Lead Appraiser to discuss the proposed scope of work. The Master Prime has the option of including any valuation services team members in this meeting that would benefit from being involved in the process. A complete on-site parcel by parcel project inspection should be completed at this time in order to identify/discuss any differences on the scope of work and required valuation services to be procured.
 - a. It is the absolute prerogative of Georgia Department of Transportation to decide on the content and number of appraisal and specialty contracts as to the level of the assignment, number of parcels to be appraised, combination of appraisal problems on a contract.

 - b. For parcels that have an estimated value of \$500,000 or greater or that the Review Appraiser and District Right of Way Team Managers determine to be of sufficient complexity will require a second opinion appraisal. The second opinion appraisal will be procured from the other Master Prime Valuation Services contractor at the time of the initial task order. Second opinion specialty reports will also be procured on such parcels.

 - c. Master Primes, project lead appraisers and fee appraisers should be aware that certain parcels on a contract might be designated as requiring an

estimated economic rent. It will be the appraiser's responsibility to estimate the economic rent per month for the improvements located within the acquisition area and improvements outside the acquisition deemed to be consequential displacements (damaged to the extent that a tenant or owner cannot remain in the improvement). Such an estimate should be supported by reference to comparable data and included in the project data book or attached to the appraisal report. The economic rent estimate is necessary information for Georgia Department of Transportation's Relocation and Property Demolition Sections.

- d. The Department is interested in receiving a timely, top quality work product with full analyses and information regarding properties being appraised and expects completed appraisal reports to reflect the required effort.
 - e. Due Dates for Submission of Reports – Due dates for submission of appraisal reports must be discussed and stipulated during the scoping meeting and included in the task order scope of work. It is up to the District Right of Way Team Managers or Consultant Right of Way Project Manager to ensure that the proposed due dates enable him/her to deliver the project on time but also allow sufficient time for the appraiser to produce a complete and credible appraisal report.
3. Once the final scope of work is determined, the District Right of Way Team Managers will complete the Master Prime Task Order for submission to the procurement office. The task order will include the Procurement Requisition Form (PRF), the Scope of Work spreadsheet with detailed menu items and the Task Order document. The Procurement Office will then prepare a task order for routing for signatures to the Master Prime and all required GDOT offices. A formal Notice to Proceed (NTP) will be issued by procurement. No valuation services work will commence by any member of the Master Prime Valuation Services Team until the NTP is issued.
 - All associated Master Prime Valuation Services team members must be presently listed on the Georgia Department of Transportation Pre-Qualified Roster.
 - Appraisers and specialty contractors must hold the appropriate roster classification for and have experience in appraising/estimating the type of properties to be encountered on the project.
 - Vendors must have the ability to complete the work within the required period and in accordance with Georgia Department of Transportation standards.

- Appraisers and specialty contractors must have the ability to appear as a witness in court.

G. Post Approval of Task Order - Before Work Begins on Project

1. Items to be furnished to the Master Prime by Georgia Department of Transportation: The District Right of Way Team Managers or Consultant Right of Way Project Manager will provide initial material and any necessary revisions, additional data, etc. to ensure proper performance of appraisal and specialty contracts. Delays in providing some of the following information should NOT completely prohibit the production of reports. However, incomplete reports should not be submitted for review, unless approved by the Appraisal and Review Manager. If a contractor has completed a report except for certain information that has not been provided due to delays beyond their control, payment of invoices for work completed may be considered by the Appraisal and Review Manager.
 - a. Right of Way Plans - Most current plan sheets available. These plans provide a direct vertical/aerial view, and include the existing right of way, proposed required right of way, and/or easement areas, as well as other pertinent information.
 - b. Cross Sections/Profile Sheets - Cross sections indicate existing and proposed elevations of parcels in relation to existing and proposed roadbed. If cross sections are not available or not provided to the appraiser, construction features which potentially impact the parcels being appraised must be detailed and specified to the appraiser (i.e. severe slope in the after situation, etc.). Profile plans provide a horizontal representation of the existing and proposed roadbed.
 - c. Pertinent Data Obtained from Informational Meetings - If available, data regarding name, address, and telephone numbers for property owners, and those entities holding other ownership interests (i.e. signage, lessee, etc.)
 - d. Title Reports - Information related to the current owner, previous chain of title, and any encumbrances to the property, including divisions of legal or physical interests, will be provided to the appraiser if provided to Georgia Department of Transportation by the assigned attorney before or during the appraisal process. However, regardless of whether or not a title report is provided, the appraiser is expected to provide a five-year delineation of title within the appraisal report.
 - e. Rights to be Acquired - Specific information outlining the land and physical features and the rights to be acquired by the department including fee simple and easement areas (i.e. limits of access, etc.).

- f. Fencing – As early as possible in the right of way acquisition process, the District Right of Way Team Manager with the consent of the Review Appraiser should determine the disposition of any acquired fencing. It is the responsibility of the Review Appraiser to provide the project appraisers with specific information on how they should treat fencing on each parcel involved and provide cost to cure reports as needed.
- **Farm Fencing:** Any fencing that could functionally contain livestock should be replaced by the construction contractor in lieu of monetary compensation to the property owner. If the fencing could no longer functionally contain livestock and does not contribute to the highest and best use of the property, no compensation should be paid. It is the District Right of Way Team Manager’s (or right of way consultant’s) responsibility to write a letter with a marked set of plans to the project designer as early as possible requesting fencing to be added as a contract item. A description of the fencing acquired should be included in the letter in order for the designer to match as closely as possible the fencing acquired with the available specification options. In situations involving easements, it may be necessary to include provision for a temporary fence to be placed at the back of the easement during construction and a permanent replacement fence along the new right of way boundary after completion of the project.
 - **Commercial Fencing:** This normally involves security fencing, which is an integral part of a business. The Appraiser will estimate the “depreciated value” of the security fencing within the taking. A Cost-to-Cure Engineer will estimate the “replacement cost” of the security fencing within the taking. The value of the security fencing to offer the owner will be “whichever is greater” of the above two numbers. The Specialty Report will be labeled “Site Improvement Replacement Costs for Security Fencing” as opposed to Cost to Cure Report or other. If the fencing provides containment for children or animals, the fence should be treated as “containment fencing” and handled as a contractor item when feasible.
 - **Residential Fencing:** In most cases fencing on residential property, particularly decorative fencing, should be handled as a site improvement and compensation based on overall contributory value of the fencing. If the fencing provides containment for children or animals, the fence should be treated as “containment fencing” and handled as a contractor item when feasible. Other situations where security is involved, the above “Site Improvement Replacement Cost” would apply.
- g. Specialty Reports - Some appraisal assignments may require the preparation of specialty reports outside the expertise of the real estate appraiser. The

Master Prime Valuation Services Contractor will obtain and make available to the appraiser any specialty reports necessary for the completion of the appraisal report, such as signs, trade fixtures, costs to cure, environmental assessments, timber cruises, etc. It is the appraiser's responsibility to examine thoroughly these supplemental reports and to make certain judgments regarding their validity and accuracy, and determine how they should be employed in solving the valuation problem.

- **Trade Fixtures:** Trade Fixtures are items that are not classified as either real estate or moveable personal property by Georgia Department of Transportation but serve a contributing purpose as an integral part of a specific business operation or related to a specific business type.

Georgia Department of Transportation does not normally acquire trade fixtures in fee simple. Compensation is typically based on the estimated impact (damages) resulting from the difference in value in place (cost new minus depreciation) less salvage value. The owner of the trade fixture retains title and is responsible for its removal from an improvement acquired or an improvement that is damaged but not located within the acquisition area. When trade fixtures are impacted by the acquisition, estimates of value in place and salvage value for each trade fixture will be provided to the appraiser by Georgia Department of Transportation. An estimator, with expertise in the type of fixtures being evaluated, will be employed to provide the report in the required Georgia Department of Transportation format. The estimator will indicate the ownership of each trade fixture and should base the estimated salvage value on a 60-day marketing period for the sale of trade fixture.

The appraiser must carefully verify market data, used to value the improvement, to exclude any contributory value for trade fixture(s) to avoid double compensation for these items. In most cases, including instances where the real estate improvements do not contribute to the highest and best use, damage to trade fixtures will be estimated based on value in place less salvage value.

On-premise signs, exterior yard lighting, underground storage tanks, and freestanding canopies will be routinely handled as trade fixtures. On a case-by-case basis, other items might also be classified and treated as trade fixtures. Compensation for these items should be based on damage to the trade fixture as described below.

- **Signs:** When signage is impacted by the acquisition, it is the policy of Georgia Department of Transportation that the sign will be treated as a trade fixture and should not be acquired. The sign report will be prepared by the sign specialist on the Master Prime's valuation services team. This

report will include the name of the parcel owner, parcel owner's address and telephone number, sign permit number and a determination of the legal status of the sign. .

The sign estimate must be on the approved Georgia Department of Transportation Sign Valuation Form. All sign reports should be submitted in duplicate and should contain the name of the sign owner, address, telephone number, the sign's permit number, a detailed description of the materials contained in the structure, an itemized cost to construct the sign and a sketch. Sign estimator should check with local zoning ordinances to see if current sign can be relocated on property or if it will or will not conform to any sign ordinances. If it is a non-conforming sign, the estimator should provide a cost to replace the existing sign with a sign that conforms to current sign ordinances.

The expert providing the cost new of the sign should also estimate the physical depreciation of the sign (dollar or percentage amount), and include this in the report. It will be the responsibility of the real estate appraiser to estimate the total depreciation (including economic and functional obsolescence) of the sign. This report should also contain an estimate of the cost to relocate the sign and an estimate of the sign's salvage value. AN ORIGINAL PHOTOGRAPH OR COLOR PHOTOCOPY OF THE SIGN MUST BE INCLUDED IN ALL COPIES OF THE SPECIALTY REPORT.

- On-Premise Signs and Exterior Lighting: If there were a minor acquisition of land with signs and or lighting located within the required area, the compensation, as damage, would be based on the cost to relocate the item on the remainder. Please note that in certain areas of the State, zoning regulations do not allow the relocation of existing signs, but require signs that conform to such things as size, materials, etc. In these situations, the damage to the sign would be the cost of erecting a conforming sign, less the salvage value of the existing sign. If there is a total acquisition of the property, or a partial acquisition which leaves the remaining improvements incapable of supporting the highest and best use, as estimated in the before situation, the damage to the signs and light fixtures would be the contributory value less the salvage value (if any).
- Billboards: If the billboard can be relocated on the remaining property, the damage would be the cost to relocate the billboard. If the billboard cannot be relocated on the remaining property, the position is taken that the billboard is a part of the inventory of the outdoor advertising company; and the damage to the billboard would be the cost to relocate a reasonable distance up to fifty (50) miles.

- Freestanding Canopies: If a freestanding canopy is located within the required right of way, but can be relocated on the remainder and continue to support the remaining improvements, the damage would be the cost to relocate. If a freestanding canopy is located within the required right of way, but will not continue to support the remaining improvements the damage would be the value in place less salvage value (if any).
- Underground Storage Tanks: Georgia Department of Transportation will not acquire ownership of underground storage tank systems within the required right of way. Underground storage tanks will be considered damaged trade fixtures with ownership remaining with the tank owner. Compensation will be the damage to the tanks based on the value in place less salvage value (if any). When underground storage tanks are located on the remainder and suffer consequential damage, damages will be the value in place, less salvage value, plus closure costs (costs to remove the tanks according to appropriate standards). **IN ANY OF THE ABOVE SITUATIONS, IF THE CONTRIBUTORY VALUE IS LESS THAN THE COST TO RELOCATE, THE DAMAGE WILL BE THE CONTRIBUTORY VALUE LESS THE SALVAGE VALUE.**
- Timber Cruise Reports: Specialty estimators are responsible for assessing the location of timber on a property to be acquired and either estimating the market value of existing timber or including a thorough description of said timber to allow the appraiser to obtain alternative supporting data. In the appraisal of land which has standing timber of commercial value or growing timber not yet ready for harvesting, the estimated market value of the land may be the value of the cutover land plus the value of the timber. This value is estimated by a licensed timber cruiser or forester or by comparable sales with similar timber thereon, which have also had timber cruises prepared on them.
- Landscaping - Large-scale professionally landscaped commercial developments and residential subdivision entrances will not be treated as a component of the real estate and will not be paid as a portion of the part taken. In these instances, the landscaping items are treated as a trade fixture and will be addressed with a Cost to Cure to replace the items impacted. Estimation of contributory value of small scale landscaping such as typical residential landscaping is the responsibility of the appraiser and must follow applicable state law.

- Pond/Small Lake Valuations: Basically, there are two (2) scenarios:

The first scenario is when the required ROW hits a private pond/small lake and the open water is impacted, however, the dam and/or outfall is NOT

impacted. In this case, we appraise and acquire the ROW like normal. If the pond/lake (site improvement) has contributory value, then the appraiser can allocate compensation based on the percentage acquired (if applicable). A 388C (strip take) appraisal can be used, providing there are no other impacts that would require a 388N (before and after). No Cost to Cure is necessary for this scenario.

The second scenario is when the required ROW hits a private pond/small lake and the open water is impacted, and the dam and/or outfall are also impacted. In this situation the project construction cannot be completed without draining the pond. Therefore, a Permanent Easement needs to be added to the plans that adequately covers the entire pond area so the contractor can perform the necessary drainage work. A 25 ft. buffer also should be included in the easement area for environmental purposes. In this scenario, a 388N (before and after) appraisal report would be requested and also a Cost to Cure Report (to re-establish the pond dam/outfall outside the required ROW). The appraiser will determine the impacts to the value of the property with and without implementing the Cost to Cure, and whether the cost of the cure is justified. The Permanent Easement in this case can be negotiated down to Temporary providing no conflicts.

3. Building cost estimates or other cost items that can be easily obtained from local sources will not be furnished to the appraiser. This includes the following items:
 - a. Cost for asphalt or concrete
 - b. Landscaping costs – The contributory value of landscaping items (not the replacement cost) must always be the basis of compensation for landscaping to be required.
 - c. Mineral Reports are provided only on large-scale or significant impact problems. The valuation of land containing mineral deposits can usually be established by direct comparison with sales of land containing comparable mineral deposits.
 - d. Crop Allotments as such are treated as personal property. In appraising farmlands subject to crop allotments, the estimated value of the allotment as indicated in the market and evidenced by the sale or rental of such allotments, shall be deducted in arriving at the estimated land value of the comparable sale. This applies only if sales included allotments. If the taking reduces the non-replaceable allotments, then payment must be made accordingly.

4.9 Contractual Obligations

A. Quality of Work/Timely Completion

1. All appraisers, fee and staff, and specialty contractors must follow the guidelines set forth in Chapter 4-Information for Appraisers of the Georgia Department of Transportation Right of Way manual.
2. Quality of work must be acceptable to both the Right of Way Administrator and Appraisal and Review Manager and be sufficient for negotiation, acquisition, and/or condemnation of the property.
3. Timeliness/Scheduling - appraisers and specialty contractors must be prepared to meet deadlines and schedule workload accordingly. However, it is understood that from time to time an extension may be granted at the will of and by the Department, if extenuating circumstances arise and warrant such an extension. Requested extensions of deadlines must be submitted in writing to the District Right of Way Team Manager.
4. If appraisal reports or specialty reports do not meet minimum requirements the Georgia Department of Transportation is under no obligation to pay contract fees.
5. Purchase orders are not assignable in whole or in part and no portion of the work may be sublet or transferred to any other person without prior written approval of Georgia Department of Transportation.

B. Failure to Meet Contractual Obligations

1. If an appraiser or specialty contractor violates above, the contractor will receive a written warning of suspension.
2. If violations continue uncorrected, suspension from the pre-qualified appraisers or specialty contractors roster is possible.

C. Suspension

1. Suspension may not exceed one year.
2. When suspended from Georgia Department of Transportation work, this includes suspension from performing contract work on all Georgia Department of Transportation and Local Government Projects reviewed by Georgia Department of Transportation.

3. At the end of the suspension period (one year or less), it is the responsibility of the suspended appraiser or specialty contractor to reapply for inclusion on the GDOT Valuation Services Prequalified List; however, application does not imply automatic right of approval, i.e. approval for the list is not guaranteed. Upon completion of suspension and approval of inclusion on the pre-qualified valuation services list, the appraiser will be reinstated with a reduction in their classification level.

4.10 Appraisers' Responsibilities and Standards of Report Preparation

- A. Each appraiser must follow the Instructions set forth in this document.

B. Scope of Assignment

The appraiser should notify the Master Prime/Project Lead, District Right of Way Team Manager and the Review Appraiser if it is discovered before or during the appraisal assignment that the appraisal assignment does not address the specific appraisal problem and/or if the scope of the assignment warrants revision.

- C. If right of way plans do not agree with information discovered during the appraisal process, the appraiser should notify the District Right of Way Team Manager immediately and request guidance on that particular parcel.

D. Appraisal Reports and General Data Books - Printing and Production Standards

The appraisal reports should be typed or printed on 8½ X 11 papers using the appropriate appraisal format (388C or 388N) and must be legible. Duplicates of each appraisal report must include original photographs or color photocopies, original signature pages, and legible exhibits. Duplicates of each General Data Book must include original photographs or color photocopies. The District Right of Way Team Manager may request extra duplicates of each appraisal report or General Data Book as deemed necessary; the required number of duplicates of both will be noted on the contract. They are to be submitted to the District Right of Way Team Manager who made the assignment. Appraisal reports shall be separately bound for each parcel. A General Data Book may be used to cover one assignment or project and include various items of general information. The following are guidelines for General Data Book production.

1. All sheets to be included in the Data Book must be three-hole punched on the left hand side.
2. It is required that a three ring binder be used for General Data Books - the size is not to exceed 11"x 12" with a clear plastic pocket on the spine indicating project identification (project, P.I. number, roadway, and county).

3. The data book should be separated into sections using notebook dividers according to the information within that section (i.e. Identification and Purpose, Scope, Definitions, Neighborhood Data, General Information, Land Sales, etc.). Additions and corrections must have the PI#, Project, Parcel Number, and County in the upper right hand corner of each page with the original page number AND the indication of "A" (for addition) or "C" (for correction) and the date at the bottom center of each page. All addition/correction sheets should be submitted with a temporary clip to secure the sheets during processing.
- E.** Owner Contact is one of the few requirements mandated by State and Federal Law. The offer to provide the owner the opportunity to accompany the appraiser on the inspection of the property is required by the Uniform Relocation Assistance, and Real Property Acquisition Policies Act of 1970, as amended. This requirement is intended to allow the owner input into the acquisition process. It is required that the person indicated on the appraisal agreement as the designated appraiser make every reasonable effort to contact the owner of each parcel he is assigned to appraise and maintain records regarding these efforts. Owner contact by an appraisal associate only is not acceptable; departure from this requirement may result in the designated appraiser being suspended from the Pre-Qualified Appraisers List. The appraiser is usually one of the first representatives of the Department of Transportation to contact the property owner. The impression made by this representative may well decide the success or failure of subsequent negotiations with the property owner. Therefore, the appraiser and his or her associates should conduct themselves in a positive, helpful, cooperative, and informative manner. However, all questions regarding copies of plans/cross sections, engineering requirements, Georgia Department of Transportation negotiation and/or acquisition procedures, etc. should be directed to the District Right of Way District Right of Way Team Manager or Consultant Right of Way Project manager responsible for the project. The appraiser should follow these owner contact procedures in order of priority:
1. Telephone call
 2. Personal Visit if owner is located on site of the property; and
 3. Notification by letter - standardized Georgia Department of Transportation Owner Contact Letter must be used and must be sent by certified mail. If the owner does not respond, a copy of the letter and a copy of the certified mail receipt must be included in the appraisal report.
- F.** Either the 388C format or 388N format must be used for every appraisal completed for the department.
- G.** All appraisals should contain the data, analyses, and reasoning to explain, and thereby document, the estimate of market value as indicated in this manual.

- H.** Title reports and specialty reports provided to the appraiser by Georgia Department of Transportation are an integral part of the appraisal report and must be included as attachments to the report.
- I.** Frequent reference to and compliance with these instructions and the USPAP by the appraiser should expedite the processing and acceptance of appraisal reports. Reference to actual USPAP documents is highly recommended.
- J.** USPAP - Departure is not permitted from the following two standards:
1. Standard 2: In reporting the results of a real property appraisal, an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading.
 2. Standard 3: In performing an appraisal review assignment, an appraiser acting as a reviewer must develop and report a credible opinion as to the quality of another appraiser's work and must clearly disclose the scope of work performed.

K. Influence of Project on Just Compensation per 49 CFR 24.103(b)

To the extent permitted by law, the appraiser shall disregard any decrease or increase in the fair market value of the real property caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for the project, other than that due to physical deterioration within the reasonable control of the owner.

L. Conflict of Interest

No appraiser or review appraiser shall have any interest, direct or indirect in the real property being appraised by Georgia Department of Transportation that would in any way conflict with the preparation or review of the appraisal. Compensation for making an appraisal shall not be based on the amount of the valuation.

M. Scheduling Work

The appraiser is requested to schedule production of appraisals in accordance with the order of priority as indicated by the contact and/or the District Right of Way Team Manager. The highest priority will normally be given to occupied residential properties to be acquired and commercial or industrial properties requiring relocation assistance. Any deviation from this order of priorities will be discussed with the appraiser at the time the assignment is made.

N. Clarity and Conciseness of Reports

The appraisal report should present a clear, concise depiction of the subject property. All facts, data, and analyses should explain and substantiate the appraiser's

conclusion of value. The two approved formats (388C and 388N) must be followed exactly as to order and content. The appraiser may expand any tables or sections of the report format for inclusion of any additional pertinent information. All calculations must be shown. The report or Data Book shall contain all data, analyses, and reasoning to explain each conclusion.

O. Flexibility

The requirements set forth herein are flexible to the extent that certain valuation methods (i.e. Market/Sales Comparison Approach on specialty properties or Income Approach on non-leased or non-rental market buildings) may be omitted from the report. This omission from the report is applicable only when found to be inapplicable to the parcel being appraised, provided the appraiser includes a logical explanation for such omissions in the appraisal report and considers thoroughly all methods of valuation. The appraiser must exercise sound judgment in the application of these requirements to assure that each report meets accepted appraisal standards and uses appropriate techniques for the property being appraised. The appraiser will provide any data and analysis in excess of the requirements if the Appraiser, the Review Appraiser, or the Appraisal and Review Manager deems such data or analyses pertinent to a specific appraisal problem or assignment.

P. Photographs of Subject and Comparable Sales and Rentals

Photographs may be reproduced by normal photographic processes or color copies; however, any reproductions must be of good quality, properly identified, and recognizable as truly representative of the subject or comparable property. Each photograph shall be identified as to project, parcel number, comparable sale, or rental number, date taken, direction taken, identifying landmarks (i.e. street signs, improvements, etc.), and the name of the person taking the photos. All photos of subject parcels should be of sufficient detail to provide an accurate visual representation of the property under appraisal including improvements and their relationship to the right of way being acquired and general size, shape, frontage, access, and topography features. Each appraisal report and data book should contain original photographs or similar reproductions. For comparable properties, photographs should be of sufficient detail to be located and analyzed.

Q. Sketch or Plat of the Subject and Comparable Sales and Rentals

A sketch of the subject's "larger parcel" should be shown in sufficient detail to visually describe the property and allow the Review Appraiser or District Right of Way Team Manager to find the property. When available, areas, boundaries, and dimensions of the subject property should be shown, along with existing roads or other means of access. All buildings and other improvements, which affect value including their approximate location and general size, a north arrow, project and parcel numbers, and other property features pertinent to the appraisal or comparable, should be shown. For comparable property sketches and location maps, a copy of a tax plat, 'as

built' survey or right of way plans is a good beginning, but additional information/detail should be added as necessary.

R. Right of Way Plan Sheet

Right of way plans identifying the subject property lines, right of way acquisition lines, and easement areas highlighted for ease of reference must always be included in the appraisal report.

S. Floor Plan

If the subject improvements are being impacted or acquired by the proposed acquisition, a floor plan sketch of the subject property is required. This sketch should show exterior walls and their dimensions and general placement of interior walls; however, specific interior scale is not necessary. Floor plans of the comparables should be included where pertinent to the appraisal problem, but do not need to be to scale if approximate major dimensions are shown.

T. Confidentiality

Appraisals are a confidential communication between the appraiser and appropriate personnel of Georgia Department of Transportation and/or the trial attorneys of the State. The appraiser should not discuss his reports with anyone other than appropriate personnel of Georgia Department of Transportation or in a court of law, after discussion with Georgia Department of Transportation's legal counsel. Once completed, right of way plans are public information; however, for copies of right of way plans, cross sections, etc., the appraiser should refer the owner or any other interested parties to the District Right of Way Team Manager of the project.

U. Open Records Requests

Appraisals are not subject to open records requests until the project is completed.

V. Proofread Reports

The Master Prime and Project Lead are solely responsible for the appraisal report. The appraisal report should be carefully proofread, and all calculations should be checked by the Project Lead prior to submission of the report to Georgia Department of Transportation.

W. Sign Final Reports and Certificates

The appraiser must include original signatures on all originals and copies of appraisal reports. The appraisal must be submitted under the appraiser's signature and clearly show the date of valuation of the property. If the date of his signature is different from the date of his valuation, he should show both dates. If an associate assisted in

preparing the report, this assistance should be noted in the “Certification of Appraiser”; however, the associate should not sign the report.

The dollar amount to be placed on the Certificate is the appraiser's estimate of the value of the part to be acquired, plus any consequential damages less any special benefits.

X. Dates of Submission to Georgia Department of Transportation

All appraisal reports must be submitted within thirty (30) days of the date of the appraisal (typically the most recent date of inspection) or the appraisal will be returned to the appraiser for correction and re-inspection.

Y. Invoice Submissions to Right of Way

Invoices must include date, project, county, P.I. number, parcels, purchase order number and types of activities (i.e. appraisal, update, pretrial conferences, depositions, court testimony, etc.). An original copy of the purchase order must be attached to the invoice for payment processing. Invoices are normally processed within 30-60 days after approval or release of the appraisal or specialty report by Georgia Department of Transportation. Partial or full payment will be made depending on the work record of the appraiser and his or her demonstrated ability to complete revisions if necessary. Invoice processing is the responsibility of the assigned District Right of Way Team Manager.

4.11 Appraisal Process

A. General Data Book

In lieu of including market data and other supporting information in each individual appraisal report, a General Data Book should be prepared and must be approved by the Review Appraiser. A General Data Book would be routinely required on most projects, whether for the purpose of support for appraisal valuations or for the Negotiation for Services Process. Regardless of the purpose, all General Data Books must include the following information; in the following sequence; and, be clearly identified:

1. Identification and Purpose
 - a. Project Number
 - b. County
 - c. Project Identification (P.I.) Number

- d. Statement of the purpose of the data book –As support for valuation, analyses contained in the real estate appraisal reports or as support for the Negotiation for Services Procedure
 - e. List of parcels to be appraised or parcels to be acquired by Negotiation for Services - The parcels must be organized according to category of highest and best use, (i.e. commercial, residential lots, etc.) and ranked in ascending order of size. Improved parcels must be categorized as to type of improvement and size. Distances to right of way and roadbed, number of parking spaces, and any other pertinent information, both before and after the acquisition, should be included.
2. Scope of the Assignment - Outline the information, geographic area, sources, extent of verification, etc. which were reviewed in preparing the data and reports
 3. Definitions – Provide definitions and source for the following terms:
 - a. Market Value
 - b. Fee Simple
 - c. Easements – Temporary, Permanent, Demolition
 - d. Negotiation for Services
 4. Regional/Neighborhood Data
 - a. Comment on development trends, demographics, etc.
 - b. Describe regional influences
 - c. Describe neighborhood with appraiser-estimated boundaries: north, south, east and west
 - d. Comment on foreclosure activity in the Georgia Department of Transportation project area for the prior 12-month period
 5. General information, historical aspects of, and potential changes in:
 - a. Zoning/land development ordinances
 - b. Utilities
 - c. Taxation valuation

- d. Mileage rates
6. Market Data –Types of Data included:
- a. Vacant Land Sale Comparables and Listings
 - b. Improved Sale Comparables
 - c. Rent comparables - actual and asking rental data
7. Summarize (List) Parcels to be appraised or Negotiated for Services (NFS)
- a. Organize parcels according to Highest and Best Use category (i.e. commercial, residential lots, etc.)
 - b. Sort parcel appraisal/NFS list in ascending order by size.
 - c. Indicate estimated Right of Way setback and edge of pavement setback on any parcel on the appraisal/NFS list
 - d. Improved parcels should indicate the number of parking spaces both before and after the acquisition.
 - e. Indicate structure type and size for improved parcels.
8. General Requirements for Reporting Market Data
- a. Provide Grantor/Grantee, Deed Reference, Sale Date, Sales Price, and Overall Price per Unit, Highest and Best Use in ascending order by size, smallest to largest.
 - b. Highest and best use is categorized (i.e. commercial, residential lots, etc.) For multiple uses, or uncertainty, estimated use is acceptable, but must be indicated as such.
 - c. For improved sales, provide an additional Consolidated Sales List for improved sales as to type of improvement (i.e. C-store. strip shopping center, SF Residential), size, distances to Right of Way and roadbed, parking spaces, etc.
 - d. Show unadjusted sales price or rental ranges each group
9. Specific Requirements for Market Data Reporting
- a. Use approved Department of Transportation forms/formats for sales/rentals for reporting comparable data and information.

- b. All sales/rentals used in the report must be verified with either the grantor/lessor or grantee/lessee or the agent handling the transaction. For these comparables, it is not acceptable to verify by public records, exclusively.
- c. All sales and rentals must be personally inspected by the appraiser. The only exception to this might be in the case of regional or national data not easily inspected due to physical distances. However, in such cases, the reason for not inspecting the data must be explained.
- d. Describe the exact location of the comparable including street address, county, land district, land lot, and tax plat reference. Be specific about its relationship to intersecting streets and roads or other landmarks (i.e. located 0.5 miles east of the intersection of Jones Street and U.S. Hwy 27 on the north side of U.S. Hwy 27).
- e. The Appraiser must provide original clear, descriptive photographs of each comparable indicating principal improvements and any unusual features as of the date of inspection. No other sources of photography will be allowed to fulfill this requirement, including downloaded photographs from County Records, public domain websites or other sources of aerial/satellite views. These sources may be used as in a supplemental means to document the comparable, but are absolutely not acceptable as primary documentation for the comparable condition as of the Appraisers inspection date. Digital photos are acceptable provided the appraiser takes the picture.
 - Each primary photograph for each comparable will include the following caption centered underneath the picture or image:
 - ❖ The Name of Photographer
 - ❖ Date Taken
 - ❖ Description (i.e. easterly view along Edge Road).
 - Each secondary source of photographs will include the following caption centered underneath the photo or image:
 - ❖ Description
 - ❖ Image/Photo Source
- f. Provide a copy of the recorded Plat from public records for each sale. If a recorded plat does not exist, a supplemental sketch may be substituted from

county tax assessor's map or sketches from computer software, provided it contains dimensional characteristics and clearly depicts the subject.

- g. Indicate the general dimensions of the property, and general shape, identification of fronting streets and roads.
- h. Indicate utilities available, private and public.
- i. For improved sales, the following information is required:
 - Type of Construction
 - Square Footage
 - Actual Age
 - Estimated Depreciation
 - Overall condition
- j. When land value is extracted from an improved sale to obtain improvement contribution, the land value must be supported by reference to market information in that area. The appraiser must provide the basic sale data including price, size, and date of sale, within this analysis.
- k. The total amount paid for the property (sale or lease) should be verified to confirm that it is correct and not a figure which may represent a net amount received by the seller after brokerage or other fees have been deducted.

10. Comparable Location Maps

- a. The appraiser must provide maps indicating exact location for all comparables in sufficient detail for any Review Appraiser, District Right of Way Team Manager, or Team Member to find the comparable in the field. The subject property and/or project should be identified on all general location maps where possible.
- b. Software mapping programs are acceptable: However, maps that greatly reduce the scale of the area to be mapped and do not depict the location of the comparable sale clearly and concisely will be rejected and returned to the Appraiser.
- c. Individual sale location maps are acceptable but may not be substituted in lieu of overall comparable location maps.

11. Verification of Data

- a. All sales/rentals used in the report must be verified with either the grantor/lessor or grantee/lessee or the agent handling the transaction. For these comparables, it is not acceptable to verify by public records exclusively.
- b. The total amount paid for the property (sale or lease) should be verified to confirm that it is correct and not a figure which may represent a net amount received by the seller after brokerage or other fees have been deducted and does not include personal property or purchase of a going business or purchase due to abnormal financing. Conditions surrounding each sale/lease must be determined and considered carefully to assure that the sale represents fair market value. Any deviation from these verification requirements must be with the approval of the Review Appraiser and explained in the report.
- c. Financing - The type and terms of financing should be explained in detail. In addition, the effect of the financing on the sales price should be explained (such as cash equivalency) and pertinent calculations should be shown.
- d. All sales and rentals should be personally inspected by the appraiser. The only exception to this might be in the case of regional or national data not easily inspected. However, in such cases, the reason for not inspecting the data must be explained.
- e. All required information concerning the comparable sales/rentals must be presented in the General Data Book and briefly referred to in the text of the appraisal report. In some cases, (small assignments), all data may be included in the report.
- f. If the data book is compiled by staff personnel and is used by several staff appraisers, one staff appraiser verification and inspection will suffice unless litigation is involved in the acquisition of the parcel. In such instances, personal verifications of the data will be necessary for presentation of the evidence.
- g. After the unadjusted market indicators are established, fee appraisers will be responsible for further refinement of (adjustments to) the market data ranges to indicate values for the various types of properties to be acquired.

12. Discussion of Market Analysis - Analyses of the market area, supply and demand factors, and other features (physical and economic) for which adjustments may be warranted should be included in the data book and/or each actual appraisal report.

13. Impact/Damage Studies - Market Supported

- a. Proximity
 - b. Parking Loss
 - c. Limits or changes in Access
14. Cost Sources for Improvements - fencing, asphalt, etc.
15. Easement Valuation Support Discussion - discuss types of easements being acquired (i.e. temporary, permanent, impact to remainder) and support for the valuation of those various types.
16. Other Pertinent Data - The appraiser may include any additional exhibits as deemed necessary or pertinent to the appraisal assignment.
17. Limiting Conditions and Assumptions
18. Qualifications of Appraisers

B. Formats for Appraisals

For all reports presented to Georgia Department of Transportation, appraisers must follow the appropriate format. These formats comply with the USPAP as set forth by the Appraisal Standards Board. Georgia Department of Transportation's contract for services will designate which format shall be used for each parcel.

- 1. 388C Simple Strip Acquisition
 - a. Total Acquisition of Land (All Types) with and without minor site improvements; or
 - b. Partial or Strip Acquisition of Land (All Types) with and without minor site improvements and minor cost to cure items; should not be used if there is any impact (damages/benefits) on the remainder.
- 2. 388N Before and After
 - a. All other acquisitions, any property with impact on the remainder must be appraised in this format, any property with a major improvement either to be acquired or impacted.
- 3. Attachments to be included.
 - a. Certification of Appraiser
 - b. Subject Photographs

- c. Tax Plat, Sketch of the Subject, or 'As Built' Survey
- d. Right of Way Plans for subject
- e. Floor Plans, where applicable
- f. Supporting Construction Cost Information (may also refer to General Data Book)
- g. Lease analyses, income, and expense information, using the subject and comparable data
- h. Specialty Reports
- i. Title Certification
- j. Other pertinent data as necessary

C. Preparation of the Appraisal Report

Regardless of the format being used or the amount of money involved, certain steps should be followed in determining the value of the property being appraised. Note: Do not use interim rounding when preparing the appraisal report as it may result in false damages or benefits and may cause problems for the Review Appraiser when he/she itemizes the components of Fair Market Value on the Review Appraiser's Report. The final value estimate may be rounded upwards a reasonable and appropriate amount, but must never be rounded downward.

1. Appraisal of the Property before Acquisition, Larger Parcel

Identify the Property to be appraised including physical inspection, review of county records regarding the property, deed information, type of ownership, complete land and improvement descriptions. Five-year title history should be reviewed including sales, contracts, offers, leases, easement, liens, etc., and their impact on the subject value should be analyzed and discussed for all three identified properties or rights below:

- a. Property as a Whole - Larger parcel as identified by unities of use and ownership as well as contiguity
- b. Part to be acquired - Those physical and legal rights and portions of the property to be acquired
- c. Part to Remain, for partial acquisition -That portion or those portions of the larger parcel remaining after acquisition including physical and legal rights.

2. Contact with the Property Owner(s)

The owner contact process is intended to provide the owner the opportunity for participation in the acquisition process, as well as the opportunity for the appraiser to obtain as much information as possible about the property being appraised. The following information should be obtained from the owner, if possible:

- a. Title information (owner's name(s), address, and phone number; mortgage holder; member of an estate; liens; leases; existing easements; tenants and their addresses; property line verification)
- b. History of the property including prior sales, existing contracts, listings, etc.
- c. Location and description of hidden improvements (i.e. septic systems, underground sprinklers, private utilities, utility vaults etc.)
- d. Areas/sizes of different types of land
- e. Recorded development plans
- f. Zoning change applications
- g. Improvement details
- h. Operating statements
- i. Building plans and specifications
- j. Any other information the owner is aware of which might affect value.
- k. The appraiser should schedule his time to accommodate the property owner.
- l. The appraiser must state the date or dates of his inspections(s) of the subject property and the name of the owner or the owner's representative with whom he inspected the property, and their telephone number and address.
- m. The appraiser must state that the owner or his designated representative was provided the opportunity to accompany the appraiser as well as whether or not the owner did accompany the appraiser.
- n. If the appraiser was unable to contact the owner or his representative by telephone, personal visit, letter, etc., the appraiser must narrate his attempts and include this information in the appraisal report. The appraiser must also include in the appraisal report a copy of the standardized Georgia Department

of Transportation Owner Contact Letter sent to the owner and a copy of the certified mail receipt.

o. Explanations to Owner

The appraiser should provide the owner with the Owner Contact Letter, which will indicate the name and telephone number of the District Right of Way Team Manager for the project, the county and project identification, and their individual parcel number. It may be helpful for the appraiser to explain that although the Department is the fee appraiser's client, the appraiser has a legal and moral obligation to provide a fair, competent, and unbiased analysis of the property in question and the impact, if any, the acquisition has on the property.

p. Area Information

The appraiser may also want to use the owner contact as a time to ask the owner about the surrounding area, which properties the owner believes are most comparable to his own and if the owner is aware of any similar properties (land or improvements) which have sold or are leased, etc. Additionally, the appraiser may ask about the local economy/real estate market and the owner's perceptions about the immediate and surrounding areas.

q. Owners' Opinions/Pertinent Information. The owner should be encouraged to give any pertinent information relating to the property, area, local real estate market, etc. The owner should be informed that the information he gives the appraiser would be given thorough consideration, but the appraiser will arrive at his own independent estimate of value.

r. Conduct of the Appraiser - The appraiser is usually one of the first representatives of Georgia Department of Transportation to contact the property owner. The impression made by this representative often decides the success or failure of subsequent negotiations with the property owner.

s. Non-resident property owners - The appraiser is responsible for contacting any non-resident owners and making arrangements for inspection of their property. If the appraiser is unable to contact the property owner, a statement outlining his attempts and reasons for failure shall appear in his report under his discussion of the inspection of the property.

t. Questions regarding value, engineering, negotiations, relocation, and payment - The appraiser should only answer those questions falling within the area of his expertise and forward all other questions to the District Right of Way Team Manager. He should never discuss the findings of his report on any parcel assigned to him with anyone other than authorized personnel.

- u. Gather Subject Information - the subject property's various ownership interests and to whom they accrue must be determined
3. Describe the subject property for the:
- a. Property as a Whole - Larger parcel as identified by unities of use, contiguity, and ownership
 - b. Part to be acquired - Those physical and legal rights and portions of the property to be acquired. Include discussions of temporary or permanent easements.
 - c. Part to Remain, for partial acquisition - The appraiser should elaborate on such factors as legal limitation of access, physical accessibility, changes in grade, cuts and fills, change in highest and best use, land locking, severance, proposed right of way and roadbed proximity to residential structures, parking loss and any other factor which, in the opinion of the appraiser, will affect the market value of the subject property as a result of the property acquisition. The appraiser must carefully consider easements as to their ultimate effect on the market value of the property and reflect this influence in the after value of the remainder.
4. Opinion of Highest and Best Use – The appraiser must follow approved methodology and theory in rendering an opinion as to the highest and best use of the property including the property as a whole and the remainder portion. The appraise should also discuss if the highest and best use is the present use, is similar to or different from surrounding land use patterns, if that use conforms to the current zoning or, if not, why, and if that use is expected to change in the near future.
- All appraisals submitted to Georgia Department of Transportation must contain a statement that the appraiser has considered the value of the portion taken as standing alone. In the vast majority of situations, the value will be nominal and the appraiser can so state and proceed to define the actual larger parcel. If the appraiser finds that the portion by itself meets all four criteria for highest and best use, then its value should be estimated accordingly. Remember that shape and utility, as well as size, must be analyzed and considered.
 - If parcels are located in an area where demand is such that sales activity indicates that larger tracts are being divided up and sold, this trend (with examples) should be thoroughly covered in the neighborhood description section of the appraisal or data book.

The following statement (not meant to be copied verbatim) expresses the thought process that must be a written part of your appraisal of this type parcel when it is submitted for review:

“The appraiser has considered the area acquired isolated from the remainder and finds that its shallow depth makes it unlikely that the parcel, standing alone, would be marketable due to its very limited utility or, conversely, that the negative effect on the owner’s remaining property makes it unlikely that a prudent person would sell it off. Consequently, the appraiser has considered the part taken to have a greater value if appraised as a part of the larger tract.”

5. The appraiser must then consider the scope of the assignment and decide which market areas and during which time periods to research.
6. Comparable data must then be gathered and verified including photographs and specific location information. It is acceptable for appraisers working on the same project or in the same areas to exchange market data; however, they may exchange only factual data regarding sales/rentals. Analysis of sales/rentals or conclusions should not be exchanged between appraisers. The appraiser should include in his actual report only those sales/rentals, which he considers most comparable to the property being appraised, whether his is one, two, or several transactions. Additional sales/rentals, which have occurred in the market but were not relied upon, should be included in the Addendum or the General Data Book.
7. The market information must then be discussed and applied to the subject property for comparison and valuation purposes.
8. Three Approaches to Value - All three approaches must be considered in valuation of the subject before acquisition and the valuation of the remainder. However, only the approaches applicable to the property should be presented in the written appraisal report. Should one or more of the approaches not be included in the written report, its omission should be discussed and explained.
 - a. Market/Sales Comparison Approach - Utilized for land as if vacant and property as improved (where applicable). Salient facts to remember include a direct comparison process and adjustment grid wherein appropriate sales are matched to a specific subject parcel and adjustments are provided for elements of dissimilarity. This approach is normally considered by the Georgia Department of Transportation to be the most applicable approach for eminent domain purposes since it is more widely understood by the public as a whole and more acceptable to the court system.
 - Gather sales of similar land and/or improvements (remember, use common sense, it is completely unacceptable to compare a 100-acre sale to one-acre subject tract.)

- Verify, photograph, and provide location and/or tax plat of each sale
- Compare market data to subject property - If a sale is improved and land value is extracted from the sale price in order to obtain an improvement only contribution, the land value must be supported by reference to market information in that area.
- Apply adjustments to comparable sales - Direct comparison of the comparable sales most similar to the subject may be accomplished by the following methods:

If the differences in the sales and the property being appraised are minor, discussion of these differences with no dollar amounts or specific percentages mentioned will be acceptable provided that the adjustments are expressed in a grid, followed by a narrative discussion for each comparable that is sufficient to lead the reviewer to the same conclusion reached by the appraiser; or

If these differences are of a major nature, support of these adjustments by actual market data will be required.

- Form and report an opinion of market value for the subject based on the comparable data. Correlation of adjusted sales comparables must be explained solely, utilizing a mean, median, or mode in estimating final value is unacceptable.
 - Review market sales for gross and net income, to sales price ratios for use in the Income Approach
 - Use Gross Potential or Actual Gross Income from the Income Approach to apply to Gross Income Multiple, discuss thoroughly. Multipliers must be derived from sales of property actually rented, with information furnished, as required on sales used in the Sales Comparison Approach. Do not adjust Gross Annual Multipliers or Gross Monthly Multipliers. Rates should come from properties similar to the subject, especially in lease terms, building age, size, and land to building ratio.
- b. Cost Approach - This approach will not be accepted as the sole basis for valuation of improved properties so long as market data is available for consideration. As the sole approach to value, this approach is only to be utilized for improved properties in appraising special purpose properties or other buildings for which market sale and lease data is not readily available. If the Cost Approach is utilized, the report must contain specific sources of cost data (i.e. local contractors, cost manuals, appraiser's files, etc.) and an

explanation of each type of depreciation as well as all pertinent calculations should be included.

- Utilize the Market/Sales Comparison Approach for valuation of the site. The value of the land, as if vacant and available for improvement, should be estimated by the use of sales of similar properties in the same area. It is preferred that land value not be estimated by abstraction from a sale or sales of improved properties. The abstraction method should be done only when all other sources or market data are exhausted and may not be utilized as the sole source and method of valuation for underlying land.
- Obtain replacement "Cost as New" valuation data from various sources - Under no circumstances will Cost Manual Data be accepted as the only and primary source for cost data. Local sources must be quoted and used as the primary reference.
- Primary Source should be local Contractors – Indicate to the contractor that the cost information being sought is the same as if they were being asked to construct the improvement under consideration. Secondary sources include Recognized Cost Manuals; similar, recently constructed properties.
- Consider entrepreneurial profit the difference between the cost of development (including land and improvements) and the value of a property after completion is the entrepreneurial profit (or loss) realized; it is a market-derived figure that reflects the amount an entrepreneur expects to receive for his or her contribution to the property.
- NOTE: If the property is historical and under federal, state, or local historic regulations, it may be necessary to obtain reproduction cost new versus replacement.
- Apply Cost New data to the subject improvements
- Estimate and deduct all forms of depreciation from the Replacement Cost New. When the total depreciation is supported by adequate market data, a lump sum amount of depreciation is acceptable provided each type of depreciation is discussed. In the case of special purpose or other properties, where market data is not available and the Cost Approach is used to support the value estimate, each type of depreciation shall be shown separately, either by dollar amount or percentage, and a detailed explanation of each type of depreciation must be given together with the appraiser's reasoning in sufficient detail to allow a review appraiser to make a sound judgment as to the validity and acceptability of each type of depreciation.

- Add Underlying Land Value to Depreciated Replacement Cost for the subject and estimate opinion of value
- c. Income Approach - This approach should be employed on all properties, which are purchased primarily for their income producing ability or investment potential. The income produced must be attributable to the real estate itself and not to the owner, manager, or to the business operation on the subject property. Comparable rental data must be verified to the same extent as any other comparable data. Adequate information concerning owner and tenant expense allocation and terms of rental agreement (including gross rent, length of primary term, options to renew, etc.) must be included.
- Gather subject and comparable rental data from the local and similar market areas. The appraiser should, whenever possible, examine and consider the records of the actual income produced by the subject property before preparing the potential gross income estimate. All rental properties used to estimate economic rent must be verified to the same extent as comparable sales.
 - Photograph and verify comparable rental data
 - Apply comparable rental data to the subject to estimate gross potential or gross actual income
 - Gather subject and market expense data (including vacancy estimates) for the subject from the local and similar market areas. The appraiser will usually discount the gross income estimate to an Effective Gross Income estimate to allow for any vacancy and credit loss with occasional exceptions such as properties that normally rent to "Class A" tenants on long-term leases. The percentage of vacancy and credit loss should vary according to the type of neighborhood, type of rental agreements, neighborhood factors, and general business conditions.
 - Review, analyze, and apply expenses. Actual expense history information for the subject should be obtained from the owner. In addition, when verifying rental comparables with other area owners, request similar information in order to verify the subject's expenses as market. Additional support for expenses typically associated with ownership of improvements similar to the subject may be obtained from published data reports for that type or class of property.
 - Deduct expenses from Effective Gross Income to arrive at a Net Operating Income

- Discuss capitalization techniques and present herein by applying to the Net Operating Income. The capitalization rate must be fully explained giving the data and analysis thereof considered by the appraiser in arriving at the rate, regardless of the method of rate selection employed.

- ❖ Direct Capitalization

- ❖ Overall Rate - It is always preferable to derive overall rates from the comparable improved sale data as the primary method of establishing an acceptable capitalization rate. The appraiser should derive the rate only from properties, which exhibit a high degree of comparability to the subject property, particularly in the expense ratios, building age, and land to building ratios.

- ❖ Built-Up Rate

- ❖ Mortgage Equity Method

- ❖ Discounted Cash Flow Analysis

- Discuss assumptions
- Provide support for assumptions

9. Review value estimates by each technique and reconcile

10. Verify estimate of value as Market Value of Fee Simple Interest versus Leased Fee Interest

11. Reconciliation of Before Value as a Whole - Where two or more approaches to value for the subject property before acquisition are used, the appraisal shall provide and outline the correlation of the separate indications of value derived by each approach together with a reasonable explanation for the final conclusion of value

12. Discuss each approach and its relationship to the subject

13. Arrive at final value estimate, Before Acquisition

- a. Value of the rights/portion acquired as a part of the whole –based on the market value of the whole, the value of the parts to be acquired (i.e. fee simple, easement, and other rights) must be calculated. The value of the land to be acquired should normally be based on comparable properties. Any land or improvements to be acquired shall be evaluated based on their contributory value to the entirety, or the "larger parcel", if appropriate, before the

acquisition. The value of each improvement located in the area being acquired must be stated separately.

- b. Value of the Remainder, as part of the whole before acquisition (mathematical) - the market value of the parts to be acquired including fee simple, easement areas, and other rights, must be subtracted from the market value of the whole to arrive at the market value of the remainder as part of the whole.
- c. Value of the Remainder, After the Acquisition - the subject property must be valued using acceptable market valuation methods as if the acquisition has occurred. The appraiser must estimate the impact (benefit or damage) of the proposed acquisition using acceptable methods. Care must be taken to exclude damages which are not compensable under Georgia Law.
- d. Effects of the Acquisition - The appraiser should discuss the effects of the acquisition and project construction on the remainder of the subject property. This section of the report shall contain a clear description of any and all remainders of land and improvements and the effects of the acquisition thereon. If the remainder is essentially the same as before the taking with no consequential damages or special benefits, this should be explained in detail in the report. This may reduce the detail of the remainder description since the appraiser may merely refer to the description made in the before value estimate.
- e. Identify and discuss compensable and non-compensable items and determine ownership of those items acquired and remaining - the appraiser is responsible for correlating their physical inspection with the specialty reports provided, and current statutory and/or case law to determine which items acquired or impacted are compensable or non compensable in Georgia at the time of valuation.

- **Compensable Items**

The only damages to be considered by the appraiser are those that are definite, that is, those that result from the taking and the construction thereon, and which actually lessen the market value of the remaining property and are not included in the following list of non-compensable items of damage.

- The following items are generally considered to be non-compensable under the laws of eminent domain of the State of Georgia:

Air deprivation, Appraiser and witness fees, Attorney fees, Business profits, Circuitry of travel, Court costs, Cul-de-sac, Dust from public improvement, Good will of business lost, Inconveniences during public

improvement, Light deprivation, Litigation expenses, Mercantile business damages, Moving expenses, Noise generally from public improvement, Personal property, Remote and speculative items, Removal costs, Sentimental value, Torts of the Contractor and independent agents, Undeveloped projects or schemes of the owner, Value of the property to the condemner, Vibrations from public improvements and View deprivation.

- f. Investigate and Discuss Alternatives for Making a Property Whole - what impact, if any, does the acquisition have on the subject property? Consideration must be given to various alternative uses for the subject property and remainder(s) or cost to cure proposals to recreate the subject's features prior to acquisition (i.e. re-striping a parking area or paving a new area to recreate lost parking).
- g. In supporting an increase or loss in value, the appropriate procedures are to be strictly followed. Proper valuation of a remainder requires an adequate discussion of the anticipated effect of the acquisition on the remainder, whether damages are assessed or benefits accrue to the remainder. An estimate of the after value of the remainder might be explained by using one or more of the following methods, which are listed in order of desirability:
 - Sales or rentals comparable to the remainder property;
 - Sales or rentals of property from which there have been similar acquisitions
 - Development of the Income Approach on properties, which show economic loss or gain because of similar acquisitions
 - Public sales of comparable lands by the State or other Public Agencies to private sector grantees, based on market value appraisals
- h. In the event the data described in the bullet points above in 13(g) are not available, the appraisal shall so state and give the appraiser's reasoning for the value estimate. It is Georgia Department of Transportation's position that sufficient remainder sales or rentals are available from which to obtain an indication of the impact an acquisition will have on a remainder.
 - It is entirely possible to have consequential damages and specific or special benefits existing at the same time, arising from different causes. Therefore, occasions may arise where only part of the consequential damages is offset by special benefits and others where special benefits are equal to or greater than the consequential damages. To estimate consequential damages to the remaining property, all compensable factors must be considered, and in doing this, the special benefits must be deducted to give the "net"

consequential damage. Both amounts must be shown if they exist, along with any available data, analysis, and reasoning to give a full explanation to support the appraisers estimate. If the consequential damages are shown and there are no special or specific benefits to the property, the statement "No Special Benefits" shall be made. Estimated specific or special benefits may offset damages if those benefits are directly attributable to the remainder, versus the general benefits of the project. However, special benefits may not be used to offset the value of the property to be acquired.

- i. Cost to Cure - A cost to cure the damage may partially or fully mitigate damages. Compensation may be a combination of cost to cure and consequential damage to the remainder.
- j. Leased Properties, other divisions of interest in realty - All physical, legal, and economic divisions of interests in the real estate being appraised and personally being reported by the appraiser should be outlined with specific information including ownership, contact information for that owner, valuation, and support of that information. Acceptable leased fee, leasehold valuation methods must be followed.
- k. Damages to Specialty Items:
 - l. Compensation for Trade Fixtures – The compensation for trade fixtures should be calculated as detailed in Section 4.7G.2(g).
 - m. Compensation for Signage – Compensation method will be based on instructions detailed in Section 4.7G.2(g).
 - n. Compensation for Fencing – Compensation method will be based on instructions detailed in Section 4.7G.2(f)
 - o. Allocation of Estimated Compensation, Damages, and Benefits, Compensation Summary Forms 388C or 388N - The appraiser is required to allocate the estimated compensation for land and improvements, damages, and special benefits (if applicable). This form must also be signed and dated by the appraiser.

4.12 Appraisal Review Requirements

- A. When a project is assigned to a District Right of Way Team Manager or Consultant Right of Way project manager, it is that person's responsibility to set up, as early as possible, a detailed review of the project with the Review Appraiser assigned to that project. The Project Inspection Checklist will be completed to determine the detailed scope of work for each parcel to be appraised. At this time, decisions should be made

regarding the appraisal problem for each parcel. Decision should be made as to if the valuation services will be completed by staff appraisers or assigned to a Master Prime contractor. the number and type of appraisal reports to be prepared on each parcel, the need for specialty reports, the type and number of such reports, the amount of time to be permitted in preparing the reports, design changes to mitigate potential damages, and any other relevant matters.

- B.** The Review Appraiser must attend a scoping meeting and post-scoping meeting with the Master Prime Valuation Services contractor and the District Right of Way Team Manager or Consultant Right of Way Project Manager in order to ascertain any problems and plan for solutions prior to commencement of the service agreement, unless this requirement is waived by the Appraisal and Review Manager (i.e. small turn lane or sidewalk projects).
- C.** When the project Data Book is submitted for review, the Review Appraiser will review this Data Book and when it is deemed to be satisfactory will so indicate by placing a signed statement in the data book. The Review Appraiser will be given the option of making a desk review only of this data book, but must indicate, in writing, the reasons why he found a field review unnecessary.
- D.** All appraisals may be checked for math, format, and content by an assistant assigned to work with the Review Appraiser. The Review Appraiser must then analyze the report for a proper estimate of fair market value.
- E.** On any appraisal where the approved fair market value is less than \$15,000, the Review Appraiser has the option of waiving the requirement of a personal inspection of the property unless there are damages (other than minor cost to cure) or residential or business displacements. The reasons for not making the personal inspection should be indicated on the Review Appraiser Report "R/W 532".
- F.** Uneconomic Remnants/Policy Decision - When the partial acquisition of a property leaves a remainder that is, in the appraiser's opinion, significantly unusable in nature, the Review Appraiser will determine whether the remainder constitutes an uneconomic remnant. An uneconomic remnant is a remainder, which has little or no value or utility to the owner. If the remainder is determined to be uneconomic, the owner is given the choice of retaining possession of the remnant or selling it to the acquiring agency for its value after the acquisition.
- G.** Two appraisal reports should be requested for all parcels with a total estimated value of \$500,000 or greater. Only the Right of Way Administrator, Asst. Right of Way Administrator, Appraisal & Review Manager & the Asst. Appraisal & Review Manager may waive the requirement for a second opinion appraisal in this situation. It will continue to be the Review Appraiser's discretion or prerogative to request a 2nd opinion appraisal on parcels below \$500,000. The requests for 2nd opinion appraisals should take place at the time of the submission of the project inspection and should be included in the procurement requisition of services.

4.13 General Appraisal Review Process

- A.** Master Prime submits the General Data Book prior to the first set of appraisals.
- B.** Appraisals pre-reviewed by an associate to Review Appraiser (staff at the Department) for math, form, and content, if necessary.
- C.** Review for analysis and approval by Review Appraiser
 - 1. Desk Review - the appraisal is reviewed without physical inspection of the site by the Review Appraiser in conjunction with the appraisal after its completion.
 - 2. Field Review - the appraisal is reviewed including a physical inspection of the site and comparables by the Review Appraiser in conjunction with the appraisal after its completion.
- D.** If the appraisal is deemed acceptable, it will be approved for negotiations.
- E. Minor Deficiencies**
 - 1. Discuss with appraiser - If minor deficiencies in the appraisal report are detected in the course of the review, the Review Appraiser will contact the appraiser and discuss potential resolutions.
 - 2. Correct with Review Appraiser Report "R/W 532", Review Appraiser's Report - If report deficiencies are minor and correctable by the Review Appraiser in a manner, which would not be misleading to future readers of the report, the corrections may be made and noted on Review Appraiser Report "R/W 532".
- F. Major Deficiencies**
 - 1. If the deficiencies are major with regard to valuation analyses etc, the Review Appraiser will send a Correction Letter to the Appraiser explaining the deficiencies in the appraisal report and noting the required period for submitting the corrections. A meeting between the Review Appraiser, District Right of Way Team Manager, and Master Prime contractor may be necessary.
 - 2. The Review Appraiser must send a copy of the Correction Letter to the responsible District Right of Way Team Manager and the Review Appraiser Manager at the same time it is sent to the Appraiser.
 - 3. The Review Appraiser and District Right of Way Team Manager both have the responsibility of following up with the appraiser on requested corrections. However, it is the Review Appraiser's ultimate responsibility to deal directly with

the appraiser in obtaining corrections or revisions or in communication of comments regarding the appraisal(s).

4. It is not the District Right of Way Team Manager's responsibility to Review the reports or act as a "middle man" in the review process except in the aforementioned role of following up on corrections and in making requests for plan revisions, specialty reports, etc.
 5. Upon completion of the corrections or revisions, the Review Appraiser then reviews those corrections, revisions, and/or updates.
- G.** If the corrections, updates, or revisions are sufficient, the appraisal is approved and the Review Appraiser Report "R/W 532" is completed. If they are not sufficient or not provided in the time prescribed, the appraisal may be rejected with documentation provided in the appraiser's file as well as the file for that parcel and the project.

NOTE: For corrections requested by the Review Appraiser due to deficiencies in the work that was included in the original scope of the assignment, no fee may be charged to Georgia Department of Transportation. Additionally, if the appraisal report(s) is/are ultimately rejected, the Georgia Department of Transportation is not obligated to pay for any unsatisfactory report.

- H.** Upon approval by the Review Appraiser, the appraisal, along with the attached Review Appraiser's Report, is released to the District Right of Way Team Manager for preparation of a negotiation package.

4.14 Appraisal Preparation for Condemnation

If the Acquisition Personnel and Administrative Review Section are unable to arrive at a reasonable settlement with a property owner, then a petition is prepared for condemnation of the parcel.

- A.** The Condemnation Petition/Declaration of Taking Preparation
1. The Appraiser must sign an Appraiser's Affidavit for the condemnation petition.
 2. The Review Appraiser may be required to sign the Appraiser's Affidavit if significant changes were made to appraisal after submission without agreement/consultation with the appraiser of record.
- B.** The Appraiser may meet with District Right of Way Team Manager to review and update appraisal if necessary.

- C. The Condemnation Coordinator may request an updated appraisal as of the date of condemnation.
- D. The updated appraisal should be provided within the time prescribed as noted in the written request from the Condemnation Coordinator
- E. The updated appraisal is reviewed and the updated valuation approved for testimony.
- F. The Condemnation Coordinator must follow up with the Appraiser, Review Appraiser, and State's attorney regarding the status of the condemnation proceedings.
- G. The Appraiser, Review Appraiser, etc. must submit updated information
- H. Opposing counsel/attorney(s) for the owner may have the opportunity to obtain a deposition from the Appraiser and the District Right of Way Team Manager, etc.
- I. If requested and/or subpoenaed, the appraiser must appear and testify at the trial.
- J. Submission of Invoices for Court Preparation, Deposition, and Testimony
- K. The Condemnation Coordinator must approve all invoices.
- L. The State's Attorney must also approve invoice charges for pretrial activities and court testimony by the Appraiser.
- M. All invoices must include the project, P.I. number, county, date, number of hours, type of activity performed (i.e. research, pretrial preparation, deposition, testimony, etc.), and applied specifically
- N. Payment of Invoices - normally processed within 30-60 days of receipt of invoice by Department

4.15 Quality Assurance, Audits and Training

Quality Assurance, Audits and Training are an integral part of compliance with Georgia Department of Transportation, State and Federal Regulations in conjunction with Uniform Standards of Professional Appraisal Practice (USPAP).

A. Quality Assurance

Quality Assurance reviews are conducted regularly with results providing:

1. Participant feedback and recommendations

2. Leadership discussions
3. Staff Review Appraiser training
4. Independent Fee Appraiser and Fee Review Appraiser training

B. Audits

Audits of the valuation process will occur regularly in the following areas:

1. Appraisal and Appraiser
2. Review Appraisal and Review Appraiser

C. Training

Training is accomplished as an ongoing process as changes occur in Georgia Department of Transportation policies and procedures as well as State and Federal Regulations. Ongoing training is the result of our Quality Assurance and Audit procedures.

Policies and Procedures of the Department in this chapter may be waived, altered, or modified at any time and at the full discretion of the Department and FHWA as necessary to accomplish the overall goals and objectives of the Department and FHWA, and as long as any waivers, alterations, and modifications of said policies and procedures are not in direct violation or contradiction with state and federal codes, of which will rule over any recommended waivers, alterations, or modifications.