

APPRAISAL SERVICES SPECIFICATIONS

I. INTRODUCTION

will receive proposals for appraisal services for:

Project:
CN:
Location:

The work required for this project is described in this document and as noted in Appendix A, B and C.

We anticipate a starting date of _____ with a suggested completion date of _____.

All those providing proposals will record their fee required for each tract and the total fee for the project on Appendix C. In addition, also indicate the date you expect to start and complete the requested services. Further, appendix C shall be signed and dated in the space provided.

II. MATERIALS AND INFORMATION TO BE FURNISHED BY THE STATE

A. Upon acceptance of an appraisal services contract, _____ will furnish the following materials and information as applicable:

1. Ownership information containing the following:
 - a. Legal description of property.
 - b. Date and type of instrument.
 - c. Consideration involved in the instrument.
 - d. Revenue stamps, if any.
 - e. Grantor and grantee's name.
2. Plat or plans or both showing limits of each separate tract to be valued outlined in color or legend, also showing sufficient topography to locate alignment. Stakes on the ground will be furnished when necessary.
3. Limits and areas of right of way or easements to be taken.
4. Individual Parcel Identification Number.
5. Information regarding surveys will be furnished upon request.

III. SCOPE OF WORK TO BE DONE BY APPRAISER

A. The Appraiser will furnish the following:

1. Four copies of project reports.
2. Four copies of each individual parcel valuation report.

B. The project report shall include the following information:

1. Title Page.
 2. Table of contents.
 3. City data on urban projects, county or regional data on rural projects.
 4. Neighborhood data.
 5. Location map.
 6. Zoning map and ordinance, if applicable.
 7. Comparable sales map.
 8. Comparable rental map, if applicable.
 9. Index of comparable sales and rentals.
 10. Comparable sales and rentals.
 11. References.
 12. Limiting conditions.
 13. Appraiser's qualifications.
- C. Formal, written valuation reports are required for each parcel of land to be acquired or damaged, unless donated. These will be in the form of either a "Compensation Estimate", "Short Form" appraisal report, or a "Before and After" narrative appraisal report.

1. Compensation Estimate

A "Compensation Estimate" can be used for uncomplicated acquisitions, where only the part taken need be valued. Total compensation, exclusive of fence relocation and/or construction based on the current Nebraska Department of Roads approved fencing schedule, must not exceed \$10,000. Damages must be nominal or simple "cost to cure" items supported by written contractors estimate. The standard forms may be used as appropriate. These forms may be located by accessing the Nebraska Department of Roads, Right of Way Division's webpage at www.dor.state.ne.us/roway/. Then click on the Real Estate Acquisition Guide for Local Public Agencies and select the appropriate form identified as PV-2.

The Compensation Estimate is not considered an appraisal under the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by The Appraisal Foundation and adopted by the Nebraska Real Estate Appraiser Board. This Compensation Estimate is prepared under a waiver of appraisal provision authorized by Federal Highway Administration guidelines,

49 CFR24, 102(c) (2). As such, the Jurisdictional Exception Rule of USPAP is invoked for Compensation Estimates.

A Compensation Estimate must contain the following elements.

- a. Project and parcel number.
- b. Owners name and property address, from the public records.
- c. Description, location and area of property to be acquired.
- d. Photos of part acquired.
- e. Determination of value and basis therefore.
- f. Statement of value of property being acquired broken down as to land and improvements.
- g. Data supporting land value and “cost of cure” items.
- h. Effective date of valuation, date of estimate, appraiser’s signature and certification.

2. Short Form Appraisal

“Short Form” appraisals may be used for uncomplicated, whole or partial acquisitions where the highest and best use of the property is its present use and not changed by the acquisition and which are anticipated to exceed \$10,000 exclusive of fence relocation and/or fence reconstruction. Only one approach, usually the sales comparison method is applicable. Damages must be nominal or of the “cost to cure” type.

The “Short Form” Appraisal must contain the elements listed for a “Compensation Estimate” plus the following:

- a. Statement of assumptions and limiting conditions.
- b. Purpose of appraisal and property rights appraised.
- c. Five-year Sales History.
- d. Description of property including highest and best use, area, neighborhood, site and improvement data, photos of property affected, maps, plats and plans.
- e. Log of meetings with property owner and/or their designated representative.
- f. Indication of comparable sales and direct comparison to subject property and complete comparable sales analysis.
- g. Explanation of acquisition, damages, and benefits.

The standard forms may be used as appropriate. These forms may be located by accessing the Nebraska Department of Roads, Right of Way Division’s webpage at www.dor.state.ne.us/roway/. Then click on the Real Estate Acquisition Guide for Local Public Agencies and select the appropriate form identified as PV-3.

3. Detailed (Before & After) Appraisal

Standard “Before and After” appraisals shall be used in those instances when the acquisition is of a complicated nature, or causes a diminution of value to the remainder.

A detailed (Before & After) Appraisal shall contain the following elements in a format similar to the following.

- a. Letter of Transmittal
- b. Salient Facts
 - (1) Project Number
 - (2) Tract Number
 - (3) Property Address
 - (4) Recorded Ownership
 - (5) Legal Description
 - (6) Tenant and Lease Data
 - (7) Highest and Best Use (Before & After)
 - (8) Zoning
 - (9) Tax and Assessment Data
 - (10) Sales History
 - (11) Purpose of Appraisal
 - (12) Function of Appraisal
- c. Log of meetings with property owner and/or their or her representative.
- d. Property Description
 - (1) Land (size, shape, topography, utilities, soil conditions, accessibility, etc.)
 - (2) Improvements (size, age, condition, number of rooms and all items necessary to properly describe).
- e. Land Valuation
- f. Value of Whole Property Before Taking
 - (1) Cost Approach
 - (2) Sales Comparison Approach
 - (3) Income Capitalization Approach
 - (4) Correlation
- g. Description and Effect of Taking
- h. Value of Part Taken
- i. Value of Remainder Before Taking
- j. Value of Remainder After Taking
 - (1) Cost Approach
 - (2) Sales Comparison Approach
 - (3) Income Capitalization Approach
 - (4) Correlation
- k. Damages
- l. Summary and Breakdown of Taking and Damages
- m. Leasehold Interests
- n. Addenda

- (1) Property Plat
- (2) Floor Plans
- (3) Photos
- (4) Sales and Rental Data (if not in Basic Data Report)
- (5) Sales Map (if not in Basic Data Report)
- (6) Appraiser's Certificate – See Appendix "B"

The above is intended as a guide and all items may or may not be necessary in all situations. At other times, supplemental data or headings may be required.

- D. Change in Valuation Caused by the Public Improvement. Any decrease or increase in the fair market value, prior to the date of valuation and caused by the public improvement for which such property is being acquired; or by the knowledge that the property would be acquired for such improvement, other than that due to physical deterioration within the reasonable control of the owner, shall be disregarded when estimating the value of the real property being appraised.
- E. Documentation
1. The "Before and After" method of valuation, as interpreted by State law, shall be used in partial acquisition except where it is obvious there is no damage to the residue land or improvements. These exceptions are noted and identified in Appendix C.
 2. The appraisal shall include all applicable approaches to value both "Before and After" value estimate. If an approach is not considered applicable, the appraiser shall so state with a short explanation as to why. All pertinent calculations used in developing these approaches shall be shown.
 - a. Where the cost approach is utilized, the appraisal report shall contain the specific source of cost data and an explanation of each type of accrued depreciation. The basis for this depreciation estimate must be included as a part of the approach.
 - b. In the market approach, the appraisal report must contain a direct comparison of pertinent comparable sales to the property being appraised. The appraiser shall include a statement setting forth their analysis and reasoning for each item of adjustment to comparable sales. A dollar amount or percentage amount adjustment shall be made for each non-comparable element requiring adjustment.
 - c. Where the income approach is used, there shall be documentation to support the income, expenses, interest rate, remaining economic life, and capitalization rate. Where it is determined that the economic rental income is different from the existing or contract income, the increase or decrease shall be explained and supported by market information.
 - d. Where two or more approaches to value are used, the appraisal shall show the correlation of the separate indications of value derived by each approach along with a reasonable explanation for the final

conclusion of value. This correlation shall be included for both before and after appraisals.

3. Special benefits shall be offset against the value of the damages to the remainder in accordance with State law. The after value appraisal shall eliminate any consideration of damages that are not compensable or benefits not allowable under State law, even though they may, in fact, exist in the ultimate value of the remaining property in the market. In case of doubt, a State legal ruling should be secured.
4. The appraisal of the after value shall be supported to the same extent as the appraisal of the before value. This support shall include one or more of the following:
 - a. Sales comparable to the remainder properties.
 - b. Sales of comparable properties from which there have been similar acquisitions or takings for like usages.
 - c. Development of the income approach on properties that show economic loss or gain as a result of similar acquisitions or takings for like usages.
 - d. Indications from severance damage studies as related to similar takings.
 - e. If the data described in (1) through (4) are not available, the appraisal shall so state and give the appraiser's reasoning for their value estimate.
5. The difference between the before and after appraisal will represent the value of the property being acquired, including the damages and benefits to the remainder. The appraiser shall in the appraisal analyze and tabulate the difference showing a reasonable allocation to land, improvements, damages and benefits. The following general outline should be followed:
 - a. Value of Whole Property.
 - b. Value of Part Taken.
 - c. Value of Remainder as of Before Taking.
 - d. Value of Remainder as of After Taking.
 - e. Damages and/or Special Benefits {Difference between item (3) and (4)}.
 - f. Allocation of Taking & Damages and/or Special Benefits.
6. All valuation reports shall include identified photographs of the subject property including all principal above ground improvements or unusual features affecting the value of the property.
7. Valuation reports for whole takings shall contain a sketch or plat of the property showing boundary dimensions, location of improvements and other significant features of the property. For partial takings the sketch or plat shall also show the area to be acquired, relation of improvements to the taking area and area of each remainder.
8. Each valuation report shall contain or make reference (when separate project report is furnished) to the comparable sales that were used in arriving at the

market value estimate. The comparable sale data shall contain the following information:

- a. Date of Sale.
 - b. Names of the parties to the transaction.
 - c. Consideration paid.
 - d. Financing and how it affected the sales price. If the Appraiser is unable to verify the financing and conditions of sale from the usual sources, such as buyer, seller, broker, attorney, or escrow company or any person having knowledge of these factors, he/she shall so state giving the reason or reasons.
 - e. Conditions of the sale.
 - f. Personal verification of the sale, with whom and when.
 - g. Location.
 - h. Total area.
 - i. Type of improvements.
 - j. Highest and best use at time of sale.
 - k. Zoning at time of sale.
 - l. Identified photographs of all principal above ground improvements or unusual features affecting the value of the comparable.
 - m. Any other data pertinent to the analysis and evaluation of the sale.
9. All property valued and the comparable sales which were relied upon in arriving at the market value estimate shall be personally inspected in the field by the Appraiser and all dates of inspection shall be shown in either the project or individual parcel valuation report, whichever is appropriate.
 10. Each valuation report shall contain the date of the Appraiser's signature and the date of valuation.
 11. The property owner or their representative shall be given the opportunity to accompany the Appraiser during the Appraiser's inspection of the property and a report of such inspection shall be made a part of the appraisal report as per Section II, C, 4, C of these specifications.
- F. In every case, unless specified otherwise, the purpose of the valuation document is to express and support the Appraiser's estimate of fair market value as determined through the use of standard valuation processes. In addition, three important facts must be kept in mind.
1. Nebraska Department of Roads Review Appraisers and possibly Federal Highway Administration officials may review the valuation report.
 2. The valuation document will also be used to properly inform the negotiator of all pertinent facts prior to negotiation with the property owner. Such items as comparable sales must be well selected, verified and accurately reported so that the negotiator may use them in negotiations and even take the property owner to see them if it becomes necessary to do so.
 3. The valuation document and the project report may be distributed to the owner of the property as a part of the negotiation process.

- G. The Appraiser shall testify in court if required and shall defend the Compensation Estimate or Appraisal in the court testimony if the date of taking is within a reasonable time after the date of Compensation Estimate or Appraisal.
- H. The Appraiser shall determine if the property is leased and value the lease to determine the lessor and lessee's interest, justify these interests, if they exist, and compute the damages to these interests as part of the total damages.
- I. Any tenant-owned building, structure, or other improvement, which would be considered to be real property if owned by the owner of the real property on which it is located, shall be considered to be real property and shall be appraised as such to determine its fair market value. This shall include any improvement of a tenant-owner who has the right or obligation to remove the improvement at the expiration of the lease term.
- J. In appraising income-producing property that contains personal property owned by the owner of the real estate, the income of the personal property will not be considered a part of the gross income of the real property. Therefore, the Appraiser is required to show a deduction from the gross income, the amount the personalty contributes to the gross income.
- K. The following is a list of non-compensable items which the Appraiser agrees to review and also the Appraiser agrees that damages will not be estimated based upon these non-compensable items as listed in the tracts under this contract.
1. Loss of profits or business.
 2. An option does not constitute an interest in land requiring compensation where it has not been exercised.
 3. Circuitry of travel by reason of the blocking of existing county roads is not compensable where it is a damage suffered in common with the public generally.
 4. The placing of medians in the center of a street or thoroughfare does not entitle the owner to damages inasmuch as this is in accordance with the police power even though right of way is acquired at the same time.
 5. In computing damages or assessing damages for property taken containing valuable deposits of minerals, sand, gravel, or other types of materials, the land must be valued considering the potentialities that it has and the minerals it contains as land and cannot be valued on a yards time price basis of the quantity of minerals contained.
 6. Damages arising by reason of the police power or exercise thereof are not compensable.
 7. Damages during the period of constructions such as noise, dust, inability of customers to conveniently get the owner's property, the closing off of street and detour of traffic are not compensable.

8. Damages by reason of the loss of anticipated profits that the owner claims that could have made had they been allowed to continue the use of the property are not compensable.
- L. When severance damages are estimated, the Appraiser will support the damages by use of comparable sales. If comparable sales aren't available, other recognized methods may be used.
- M. The classification of equipment and fixtures as realty or personalty is necessary so that the appraiser can list and evaluate each piece of equipment. This is only required when the building they are located in is being acquired as a result of the project. In other words, valuation of the equipment and fixtures, as personalty, is not required, if the Local Public Agency is not acquiring the building they are located in.

The Appraiser understands that the Local Public Agency may make two offers to the owner. One offer will include all realty, including the equipment and fixtures considered a part of the realty. The other offer will include all realty, including the equipment and fixtures considered a part of the realty, and all equipment and fixtures considered to be personalty.

Therefore, it is necessary that the Appraiser list and make a determination on each piece of equipment and fixture as to whether it is realty or personalty.

The valuation document must contain sufficient documentation, including valuation data and the appraiser's analysis of that data, to support the opinion of value being placed on the equipment and fixtures considered a part of the realty, and all equipment and fixtures considered to be personalty.

- N. Estimates will be required in those instances where the "cost to cure" method is used in determining damages to the property remainder or when the appraiser decides to employ or obtain estimates of cost to be used as a part of the valuation document.
- O. When a sub-contractor is required to complete a Specialty Report; the appraiser shall furnish the sub-contractor's qualifications and experience, along with the bid amount to complete the Specialty Report to the Local Public Agency for approval.

The bid amount of the sub-contractor will be paid as a part of the original contract, if the Local Public Agency notifies the appraiser that a Specialty Report is required during the request for proposal process, or as a Supplement Contract, if the Local Public Agency and the appraiser determine it is necessary to obtain the services of sub-contractor after the contract for Appraisal Services has been executed.

The Specialty Report value will not arbitrarily be added to the valuation of the realty, but shall be considered to the extent of the contributory value in establishing the value of the whole property.

APPENDIX "A"

NONDISCRIMINATION CLAUSES

During the performance of this contract, the appraiser, for itself, its assignees and successors in interest (hereinafter referred to as the "appraiser"), agrees as follows:

Compliance with Regulations: The Appraiser will comply with the Regulations of the Department of Transportation relative to nondiscrimination in federally assisted programs of the Department of Transportation (Title 49, Code of Federal Regulations, Parts 21 and 27, hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this contract.

Nondiscrimination: The appraiser, with regard to the work performed by it after award and prior to completion of the contract work, will not discriminate on the basis of disability race, color, sex, religion or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The appraiser will not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices when the contract covers a program set forth in Appendix "A", "B", and "C" of Part 21 of the Regulations.

Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations either by competitive bidding or negotiation made by the appraiser for work to be performed under a subcontract, including procurements of materials or equipment, each potential subcontractor or supplier shall be notified by the appraiser of the appraiser's obligations under this contract and the Regulations relative to nondiscrimination on the basis of disability, race, color, sex, religion or national origin.

Information and Reports: The appraiser will provide all information and reports required by the Regulations, or orders and instructions issued pursuant thereto, and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Local Public Agency to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of a appraiser is in the exclusive possession of another who fails or refuses to furnish this information, the appraiser shall so certify to the Local Public Agency as appropriate, and shall set forth what efforts it has made to obtain the information.

Sanctions for Noncompliance: In the event of the appraiser's noncompliance with the nondiscrimination provisions of this contract, the Local Public Agency shall impose such contract sanctions as it may determine to be appropriate, including but not limited to,

- (a) withholding of payments to the appraiser under the contract until the appraiser complies, and/or
- (b) cancellation, termination or suspension of the contract, in whole or in part.

Incorporation of Provisions: The appraiser will include the provisions of paragraph (1) through (6) in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations, order, or instructions issued pursuant thereto. The appraiser will take such action with respect to any subcontract or procurement as the Local Public Agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that, in the event a appraiser becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the appraiser may request the Local Public Agency to enter into such litigation to protect the interests of the Local Public Agency.

MINORITY BUSINESS ENTERPRISES

Policy

The Appraiser and Local Public Agency agree to ensure that minority business enterprises as defined in 49 CFR Part 23 shall have the maximum opportunity to participate in the performance of contracts financed in whole or in part with Federal funds under this agreement. Consequently, the minority business requirements of 49 CFR Part 23 are hereby made a part of and incorporated by this reference into this agreement.

Minority Business Enterprises Obligation

The Appraiser and Local Public Agency agree to ensure that minority business enterprises as defined in 49 CFR Part 23 have the maximum opportunity to participate in the performance of contracts and subcontracts financed in whole or in part with Federal funds provided under this agreement. In this regard, the Appraiser shall take all necessary and reasonable steps in accordance with 49 CFR Part 23 to ensure that minority business enterprises have the maximum opportunity to compete for and perform contracts. The Appraiser shall not discriminate on the basis of disability; race, color, sex, religion or national origin, in the performance of FHWA assisted contracts.

Failure of the Appraiser to carry out the requirements set forth above shall constitute breach of contract and, after the notification of the FHWA, may result in termination of the agreement or contract by the Local Public Agency or such remedy as the Local Public Agency deems appropriate.

DRUG-FREE WORKPLACE POLICY

The Appraiser shall have, on file with the Local Public Agency, an acceptable drug-free workplace policy.

APPENDIX "B"

Project No. _____ Control No. _____

Parcel No. _____

CERTIFICATE OF APPRAISER

I hereby certify:

That I have personally inspected the property herein appraised and that I have afforded the property owner, or their representative, the opportunity to accompany me at the time of the inspection. I have also made a personal field inspection of the comparable sales relied upon in making said appraisal. The subject and the comparable sales relied upon in making said appraisal were as represented in said appraisal.

That to the best of my knowledge and belief, the statements contained in the appraisal herein set forth are true, and the information upon which the opinions expressed therein are based is correct; subject to the limiting conditions therein set forth.

That I understand that such appraisal is to be used in connection with the acquisition of right of way for a project to be constructed by _____ with the assistance of Federal-aid highway funds, or other Federal funds.

That such appraisal has been made in conformity with the appropriate State laws, regulations and policies and procedures applicable to appraisal of right-of-way for such purposes, and the Uniform Standards of Professional Appraisal Practice; and that to the best of my knowledge no portion of the value assigned to such property consists of items which are noncompensable under the established law of said State.

That neither my employment nor my compensation for making this appraisal and report are in any way contingent upon the value reported herein.

That I have no direct or indirect present or contemplated future personal interest in such property or in any way benefit from the acquisition of such property appraised.

That I have not revealed the findings and results of such appraisal to anyone other than the proper officials of the Local Public Agency, the Nebraska Department of Roads, or officials of the Federal Highway Administration and I will not do so until so authorized by the Local Public Agency, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That my opinion of the fair market value of the acquisition as of the _____ day of _____ 20____, is \$ _____ based upon my independent appraisal and the exercise of my professional judgment.

Date

Signature

