INTRODUCTION

It's important that contracting fee appraisers doing business with the Kansas Department of Transportation (KDOT) have the necessary information to make informed and reliable appraisal bids as well as be able to complete the appraisal contracts in the most efficient and timely manner as possible. To that end this guide is written to assist the prudent and responsible bidder and the successful bidder in completing the task as would be acceptable to the Bureau.

Any questions regarding this Guide should be addressed to the Chief Appraiser. If any part(s) of it is not understood, clarification is of the utmost importance to the Bureau. The majority of the guide is taken from the KDOT Right of Way (R/W) Appraisal Manual with language modification to address the projects listed on the cover page.

CONTRACT APPRAISERS

The KDOT Chief Appraiser shall establish and maintain an approved list of contract appraisers. Contact with fee appraisers will be maintained through KDOT Right of Way participation in professional appraisal organizations. The Chief Appraiser shall approve all qualified contract appraisers who wish to be considered for KDOT work, regardless of race, color, religion, sex, or national origin, on the approved list.

Limitations and restrictions for contract appraisers should be categorized as follows:

1. Rural
2. Urban
3. All appraisals requiring standard and/or specialty appraisals.

Each person desiring to be included on the approved list of contract appraisers shall:

- Complete an application form (see addendum for Application for Contract Fee Appraiser Form),
- Submit a list of five or more most recent clients describing type of property appraised, date of appraisal, general location of property, and final estimate of value,
- Hold at least one designation from a recognized professional appraisal organization, be actively pursuing a professional designation, or have been actively engaged in appraisal functions for a period of five or more years,
- Be State licensed or certified in accordance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA)
- Be interviewed by KDOT’s Chief Appraiser or his/her designated representative,
- Submit a sample (demonstration) appraisal report for KDOT review.

The Chief Appraiser, or his/her designated representative, shall evaluate each applicants sample appraisal, application form, interview results, and other relevant information and determine if the applicant is qualified to perform KDOT appraisal work. The acceptance of the applicant need only be recognized by their inclusion to the approved list. However, if the applicant is determined to have limitations that may require further explanation, the Chief Appraiser shall document those reasons in writing indicating such limitations or restrictions on the type of assignment the appraiser is qualified to perform. The determination shall be kept in KDOT’s contract appraiser file.

The Chief Appraiser shall notify the applicant of the results of KDOT’s evaluation.

The Chief Appraiser, or his/her designated representative, shall add the name of each qualified applicant to the approved list of contract appraisers. Limitations or restrictions on each appraiser’s qualifications shall be noted.
ELIGIBILITY

The Chief Appraiser shall review the status of each appraiser annually and shall determine if the appraiser has met requirements of KDOT appraiser eligibility standards. To be retained on the KDOT Appraiser Eligibility List, the following guidelines should be followed:

- Periodically, the Chief Appraiser should review the list of approved appraisers and if deemed necessary, request updated professional data that would assist in determining their current professional organization status, continuing education standing, notable accomplishments, types of recent appraisal reports, continuance of Kansas Real Estate Appraisal Board certification, etc.
- The Chief Appraiser may remove an appraiser from the eligibility list for causes, which reflect violation of Standard Code of Conduct as written by any major appraisal professional organization. The appraiser shall be notified of such removal.
- The appraiser may resubmit application for consideration at anytime in the same manner as a new applicant.
- The Chief Appraiser may downgrade or upgrade the types of reports the appraiser may be permitted to submit or may give project specific report writing clearance.

An appraiser may be removed from the eligibility list if a general appraisal review by the Chief Appraiser indicates consistent noncompliance to appraisal instructions. If the eligibility status has changed from the prior year, the Chief Appraiser shall notify the applicant of the results of KDOT’s evaluation of his/her status.

If the appraiser or applicant has been denied eligibility status, he/she may:

- Within 30 days from date of notification, submit a written request stating reasons for reconsideration, or
- After 6 months from date of notification, resubmit application for appraiser eligibility in the same manner as a new applicant.

CONTRACT CHANGES

It is understood that the scope or character of the work to be done may change before or after bid letting. If changes are found necessary before bid letting, such changes shall be made in writing and made available to the prospective bidders. If an extension of time to submit a proposal is deemed appropriate, such extensions shall be given in writing. If changes are found to be necessary after bid acceptance, such changes do not require new bid proposals.

The changes shall be made in writing and given to the contractor as soon as possible. The Chief Appraiser shall request the Contract Compliance Officer to make appropriate contractual addendum with the contractor regarding time extensions, and changes in fee.

PAYMENT PROCEDURES

Manner of Payment - The KDOT R/W Guidelines for Consultant Services specifically sets out procedures for consultant payment approval and record keeping. Upon final review and approval of the appraisals involved in the tract bid as submitted, the Chief Appraiser shall notify the Contract Compliance Officer of satisfactory appraisal work completed.
APPRAISAL POLICY

The Kansas constitution and law provides that private property shall not be taken for public use without payment of just compensation. The Kansas Department of Transportation uses the appraisal process to establish a basis for determining the just compensation due for private property that it requires in pursuit of its legitimate activities. All appraisal actions for this project will be subject to the following policies:

1. During the appraisal process, the owner or a designated representative shall be given an opportunity to accompany the appraiser during the inspection of the property.
2. Any decrease or increase in the fair market value of real property prior to the date of valuation caused by the public improvement or by the likelihood 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 in determining the compensation for the property.
3. Appraisers shall not give consideration to, nor include in their appraisal reports, any allowance for relocation assistance benefits.

REPORTS

The fee appraiser is to submit an original report and two copies. Photographs should be duplicates (color). If maps or other materials are provided with color coding, the copy file should also be in color format.

The Kansas Department of Transportation recognizes the legitimacy of ethical standards for the appraiser, as espoused by the leading appraisal organizations and the Uniform Standards of Professional Appraisal Practice (a.k.a. USPAP) of Title XI of Public Law 101-73 a.k.a. Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). It is advised that a disclaimer be inserted into the report for your USPAP protection. An example of such disclaimer is located toward the back of this guide.

APPRAISAL PROBLEM STATEMENT

An appraisal problem statement for this project is included under separate document.

APPRAISAL SIGN POLICY

If during the course of property inspection, the appraiser discovers a sign(s), the Chief Appraiser is to be notified immediately. On premise signs are to be addressed in the individual tract files as cost-to-cure items.
APPRAISER’S RESPONSIBILITY

The appraiser is responsible for preparing an appraisal report in accordance with the appraisal assignment. The appraisal assignment is comprised of:

- The appraisal contract
- The appraisal problem statement
- Appropriate directions from the Chief Appraiser and/or Review Appraiser
- Data Book that includes:
  1. Zoning regulations for the county as they would apply to all classes of property being appraised on the project (e.g., residential, commercial). Copies of the specific zoning references are to be placed in the data book.
  2. Grid of all sales discovered with pertinent information related to the sale.
  3. Comparable sales sheet of all sales discovered whether used or not. It is preferable that all sales be recorded on KDOT provided comparable sales data sheets. A copy of the county Sales Valuation Questionnaire (SVQ) should also be included. Additional support can be in the form of MLS sheets.

- All tracts are to be written using a narrative format with the following report criteria.
  1. Market approach is sufficient if adequate comparable sales are available to provide a confident conclusion of value.
  2. Dialogue explaining adjustments given.
  3. Plot/site sketch
  4. House sketch with exterior wall dimensions and interior room locations.
  5. Flood plain map
  6. Location map
  7. Photos of front, rear, living room, kitchen, master bedroom, and outbuildings.
  8. County Sales Valuation Questionnaire sheets of all subject tracts are to be placed in the report addendum.
  9. Breakdown value of land, house, and each outbuilding. On site improvements such as driveways, fence, and swimming pools should not be included in the house value breakdown.

- Commercial properties will require all three approaches to value.

KANSAS DEPARTMENT OF TRANSPORTATION’S RESPONSIBILITY

Contract with the fee appraiser in accordance with the procedure prescribed in the KDOT Appraisal manual and adheres to the contract provisions.

To furnish the appraiser the following material with some exceptions:

- The appraisal assignment. (Contract)
- KDOT Appraisal manual requires that adequate right of way plans, including a strip map, be provided. However, right of way plans for this project have not been developed. Further instruction will be provided upon successful bid.
- A copy of the certificate(s) of title for properties to be appraised will be provided.
- A copy of the description(s) of the property rights to be acquired is what is known as legal descriptions. The appraiser is to use the legal description provided by the certificate of title.
APPRAISAL REPORTS

Appraisal report requirements are:

• For KDOT purposes, an appraisal report is a written report that fulfills the requirements of the appraisal problem and meets KDOT requirements for the type of report form used. The requirements for this project have been briefly described above.

• All appraisal reports shall be typewritten, dated, and signed by the individual making the appraisal prior to being submitted to KDOT.

• Each appraisal report shall contain a completed Certificate of Appraiser. Among other things, it documents the amount and date of the appraisal and that the owner(s) were given the opportunity to accompany the appraiser on an inspection of the property. The KDOT approved form is located in the forms addendum of this guide.

• Form 1818 -- Basic Information and Summary - This is the summary sheet of salient facts and conclusions. The information to be completed is indicated by the specific statement of need. Clarifications for the following items of information is noted as follows:
  • Location and Address: This should include the street address or rural address, if improved, of the subject property registered with the post office.
  • Legal Description: A short legal description, such as lot, block, and subdivision or that portion of section, township and range. When legal descriptions written by the KDOT are contained within the appraisal report, it is acceptable to refer to such by noting their existence in addendums to the report.
  • Present Owner(s) Name and Address: This should include the principal owners involved as shown on the plat or in the title evidence when provided. The address of the owner should also be given here. If the property is owner-occupied and the address is shown, merely type “same”.
  • Tenants or lessee’s name should be included, if applicable. All tenant owned improvements shall be addressed with the tract owner, relocation agent, and listed in the appraisal report.
  • A five-year sales record on all parcels is required. In all cases, show the name of the grantor, grantee, date of sale, book and page of the recorded deed, the verified price (if available), and the person who verified the sale amount. Any unusual conditions of the sale must be noted elsewhere in the valuation and the sale should be referred to as a comparable sale if it was a market transaction. If not a market transaction, reasons should be given.
  • Present Use: This should indicate the use of the property at the time of valuation, such as farm, residential, commercial, or industrial.
  • Zoning: In zoned areas, the zoning, as designated by the proper municipal officials should be indicated in the proper space. If the property is not zoned, the appraiser must so state. If the highest and best use is different than the zoning or present use, the highest and best use must be justified as in the Standard Appraisal Report.
  • Highest and Best Use: The appraiser’s opinion of highest and best use should be designated.
  • Valuation Summary: This section provides for a valuation summary that includes the area (acres or square feet) of each type of acquisition, the applicable unit value and the estimated compensation for each type of land acquisition. Following this, spaces are provided for a listing and individual valuations of any special land improvements and for buildings to be acquired and their total estimated value. The last line of this page is for the estimated total compensation due the owner as a result of the taking.
  • Plat Drawings - This page provides space for a sketch or drawing of subject property and drawing of the owner’s land. All buildings are to be properly located on this sketch and identified.
  • Photographs - This section provides space for the photographs of all principal above ground improvements or unusual features affecting the value of the property to be appraised. At least one photograph of the land taken must be provided.
Photographs of buildings on the subject property should be provided where the taking includes them. If the photograph is of a building, a brief description should be included. Make references to the plat sketch for building location. The photographs must be quality resolution either by printed photograph paper or by digital reproduction.

- **Description of Property and Valuation** - This section is designed for a narrative presentation of the problem and its solution. It must be emphasized that the narrative description or presentation must be sufficient to explain or support the valuation. This explanation shall be in sufficient detail for a reviewing appraiser to determine how the appraiser arrived at the value of the whole property.
- **Briefly describe the entire property as to location and environment, land type and usage, zoning, improvements, and special features that serve to detract or enhance. Describe the access both physical and legal. Explain and justify highest and best use if it differs from present use and/or zoning.**
- **Reference as much of the preceding as possible to project data or data on similar properties on the project. Explain the valuation of the whole property and the taking.**
- **Summarize your valuation.**
- **Contingent and Limiting Conditions - The appraiser shall include a statement of contingent and limiting conditions in the appraisal report.**

**SPECIFIC COMMENTS REGARDING APPRAISAL INSPECTIONS**

Should the inspecting appraiser have cause or suspect that there is hazardous waste or other health affecting agents (e.g. asbestos, chemical spills, leaking fuel tanks, etc.) on or in property to be acquired, special written notice will be made to the Chief Appraiser.
NARRATIVE REPORT (Commercial Properties)

A narrative appraisal report must address the required elements in an organized and clearly defined manner. A Table of Contents is required for reports of more than ten pages with all pages numbered for easy reference. Each appraisal report will be typed.

A Standard Appraisal Report must contain the following:

1. A Certificate of Appraiser, Form No. 1804, shall be attached to each appraisal,
2. Subject Property Identification, including:
   - county,
   - city (if appropriate),
   - Federal-Aid project number,
   - project number, and
   - tract number.

3. List of the Owner(s) of record, contract purchaser(s), and all that have an interest in the real property. If the ownership is split (i.e., land owned by one, improvements by another), identify who owns what. If there are tenants in possession, list their name(s). The report should include a phone number for the owner(s).

4. Location of the Realty - Give a street address, if there is one. Otherwise, give location in reference to known geographical points (such as road junctions) or other readily identifiable features. The object here is not to provide a legal location, but to guide someone in the field to the property.

5. Legal Description - Provide an accurate legal description of the subject property before the taking. The legal description is provided to the appraiser by the State and may be referenced.

6. Area of Unit Appraised - Indicate the total area of the unit appraised in either acres or square feet, as appropriate. The unit to be appraised will be indicated in the legal description of the acquisition and any variance discovered during the appraisal process should be discussed with the Chief Appraiser.

7. Title History - As a minimum, give a five-year sales history. Some circumstances, such as lengthy project development time, may indicate a necessity for a longer title history.

8. Zoning, Restrictions, Taxes, Unpaid Special Taxes, etc. - Describe zoning and other restrictions that may influence the use and, therefore, the value of the property. Taxes and all unpaid special assessments should be indicated.

9. Leases - Give information on any leases there may be on the property. A copy of the lease should be included, especially for more complex ownerships.

10. Property Rights to be Acquired - List and describe the property rights to be acquired and the area of each. Include fee takings, permanent easement for highway, temporary construction easement, etc., as appropriate.

11. Purpose of the Report and Value to be Estimated - The appraiser must state the purpose of his appraisal, e.g.:

   “The purpose of this appraisal is to estimate the just compensation due the owner for, or as a result of, the acquisition of a part or all of his/her real property, or interest therein, for a highway or related purpose.”

12. The value to be estimated, fair market value, is defined as:

   “That amount which would be paid under normal circumstances on the free and open market in the usual course of dealings by a willing buyer, not forced to buy and which amount would be acceptable to a willing seller, not forced to sell.”
13. Offer to Accompany the Appraiser - The owner or his designated representative shall be given an opportunity to accompany the appraiser during his inspection of the property. If an owner resides out of state or out of the immediate vicinity of the project, a certified letter should be mailed to the owner, giving the owner or his representative a chance to inspect the property with the appraiser. The appraiser should enclose in his report a copy of the letter and the return receipt from the post office, indicating that the owner received the letter.

The term “owner” includes the fee holder as well as anyone else who has an interest in the land or improvements thereon. Tenants who own improvements or have a leasehold interest are considered “owners”.

The opportunity given to the owner(s) must be reasonable to the owner. The appraiser must consider the owner’s other obligations when arranging his inspection. Many owners may not be easily able to accompany the appraiser during regular working hours. In those circumstances, the appraiser shall make arrangements to inspect the property when it is convenient for the owner(s) to accompany him. A brochure entitled “Real Property Acquisition for Kansas Highways, Roads, Streets and Bridges” should be given to each property owner. These brochures will be provided to the contract appraisers by the Kansas Department of Transportation.

The term “inspection of the property” names actual on-site physical inspection of the property. The inspection should include full two-way discussion with the owner(s) about the physical features of the property before and after the taking. The appraiser should take advantage of this opportunity to gather information about the property. Owners are often aware of special features of a property that affect value but are not readily apparent in an inspection.

The invitation to accompany the appraiser shall be documented on the Certificate of Appraiser, Form 1804. The names of individuals who were offered the opportunity to inspect the property and did or did not wish to do so shall be recorded on the Certificate.

14. Area Description - This data should set forth the type of neighborhood in which the property appraised is located. The general character of the surrounding area should be described, and some sort of the classification as to farmland, suburban acreage, residential, or industrial should be given. Condition of improvements in the neighborhood as well as new developments should be described. Changes in land use, which are occurring and all elements that are affecting value changes in the neighborhood should be described. This part of the appraisal may be included in the data file for the project and referenced in the individual appraisals.

15. General Description of the Property Prior to the Taking - The appraiser will provide a general description of the property. The general description must be in sufficient detail as to reveal the entire property unit and its uses. A narrative description of the site or land shall concern topography, utilities, streets or roads, access, land uses, and any other features that may affect current market value. Improvements and fixtures shall be defined in such detail as to indicate their uses, general condition, location upon the premises and any other information which may graphically illustrate improvements placed above or beneath the surface of Property.

- List and describe (with plats, if appropriate) easements and encumbrances against the subject property. These encumbrances may include access limitation, utility easements, drainage easements, etc.
- The appraiser shall attach to each appraisal a plat drawn to scale showing boundaries of appraised premises, area of owner ship, improvements, if any, and their location upon the premises. The appraiser may use the plat furnished to him by the State.
- Floor plans showing general layout of the primary rooms (not to include closets) should be prepared.
• The appraiser shall attach an identified photograph or photographs of appraised property, including all principal above ground improvements or unusual features affecting the value of property to be acquired or damaged. Plats and photographs shall become a part of the general description by reference.

16. Highest and Best Use of Property - A determination of the highest and best use of each property appraised is required.

Highest and best use means that use which reflects the highest reasonable present value for the property. It will be either (1) the existing use on the date of appraisal or (2) a use which evidence shows is so reasonably likely in the near future that its potential affects market value and would be taken into account by a prudent purchaser under fair market conditions.

The use must be a legal use which is physically possible and for which there is a current market demand.

If the appraiser determines that the highest and best use is a different use than the existing land use, then a reasonable explanation for this determination must be included. If the appraiser concludes that the highest and best use is different than that use for which the property is zoned, then the probability of rezoning must be thoroughly explained.

17. Valuation Before the Acquisition - An indication of current market value will be made for each of the approaches deemed appropriate to the appraisal problem. All pertinent calculations used in developing the approaches shall be shown.

A. Direct Comparison or Market Data Approach - The comparison or market data approach should be emphasized since it is a reflection of actual transactions in the market place and usually develops the most convincing evidence of market value.

• Each appraiser shall execute a diligent search of the real estate sales market in an effort to locate properties that have sold and can be compared to each parcel being appraised.

• It is recommended, where possible, that at least three verified sales of comparable property be fully described and related to the appraised property. If adequate sales data is not available in the immediate vicinity, it may be necessary for the appraiser to obtain sales information from other similar neighborhoods. The appraisers may use listings or offers to buy and sell as information to supplement actual sales.

• Comparable sales used shall be recently sold properties of the same general size as the property appraised, offering similar utility or uses and capable of being compared to the property appraised. For each sale relied upon, the date of sale, names of parties, consideration paid, person who verified, condition of sale, location, size, type of improvements, zoning, financing and other data needed for analysis shall be included. Those properties used for direct comparison with the property being appraised shall be personally inspected and adequate photographs shall be included. The date of inspection on the comparable sales shall be included in the appraisal report.

• Prior sales of the property being appraised, if reasonably recent and not forced, are good evidence of market value. Accordingly, if the property has recently been purchased, the appraiser should make every reasonable effort to determine the amount of consideration paid and the condition under which the sale took place. It should also be ascertained if changes have been made to the property since the sale.

• The appraiser shall compare each individual sale relied on with the appraised premises and explain pertinent elements of difference as well as the basis for any adjustments made. Elements which must be considered in estimating differences include:
  ➢ time of sale,
B. Cost Approach - In this approach, the current market value of the land, as if vacant, is added to the depreciated replacement cost estimate of the improvements to arrive at an indication of the value of the property. The value of the vacant land is normally estimated after a direct comparison with unimproved comparable sales. Several sales of comparable land should be fully described and related to the property appraised in an effort to support the value of the land as if vacant. Methods of dealing with comparable sales data are described above.

Each improvement located on the appraised property must be identified. Describe to the extent as to reveal size, structural composition, physical condition, effective age, and functional utility.

The appraiser shall describe the method and sources used in estimating replacement cost new for the improvements. Possible sources of data include recently constructed similar improvements, cost estimates from contractors, and use of one of the recognized cost services.

If a loss in value from replacement cost new has occurred, such depreciation shall be explained and justified. Depreciation shall be broken down into physical deterioration, functional obsolescence, and economic obsolescence. The depreciation shall be estimated based on abstractions of accrued depreciation from market data, age life analysis based on observed condition or loss in rental value caused by functional or economic obsolescence.

In appraisal problems where the improvements are located a long distance from a partial taking and their value is not affected by damage to remainder or special benefit, the appraiser may, if called for in the appraisal problem, estimate the contributory value of such improvements.

C. Income Approach - In the application of the income approach to value, the appraiser shall provide support for the income estimates as well as all of the expense items either from historical operating statements on the property appraised or data obtained from comparable properties.

The method of converting income estimates into value shall be explained, and the capitalization rates used should be supported by market information.

Estimated Current Market Value of Entirety Before the Acquisition

The appraiser shall analyze and reconcile the approaches used giving reasons why one is more reliable than another in arriving at an estimate of the before value of the property.

Summary of Just Compensation - The appraiser shall state the total amount of just compensation estimated for or resulting from the acquisition.

Improvements Owned by Someone other than the Landowner which are affected by the Acquisition

When this situation exists, the appraiser shall estimate an amount which is the larger of:
• the fair market value that the building, structure, or other improvement contributes to the fair market value of the real property acquired; or
• the fair market value of the building, structure, or improvement, for removal from the real property.

The appraiser shall set out and identify such amount(s) in the appraisal report.

Salvage Value - The term “salvage value” means the probable sale price of an item offered for sale to knowledgeable buyers with the requirement that it be removed from the property at a buyer’s expense. This includes items for re-use as well as items with components that can be reused or recycled when there is no reasonable prospect of sale except on this basis.

Statement of Contingent and/or Limiting Conditions - if any, must be shown in this paragraph or shown as attachments and so noted in this area. The appraiser may use Form 1817, “Contingent and Limiting Conditions.” Care should be given to accurately and completely list contingent and limiting conditions, especially when special or unusual circumstances exist.
DATA BOOK

The fee appraiser will use a Data Book, unless otherwise directed by the Chief Appraiser. Use of a Data Book offers nothing new in gathering, verifying, and analyzing data. The appraiser is required to include this information in the appraisal report; however, instead of repeating it in each report, the information can be reported and, in some cases, analyzed in the Data Book and just referred to in the appraisal report(s).

As stated above, the Data Book can include items that would otherwise be repeated in several appraisal reports. Some of the things that may be included are:

- Area information
- Community Information
- Availability of utilities, zoning restrictions, and building restrictions in the community or area of the appraisal(s) may be discussed.
- Definitions
- Comparable Sales Data Sheets

HIGHEST AND BEST USE

The highest and best use must be established in each appraisal; however, the information and data to support this opinion can be developed on a project basis. Information and data needed in a highest and best use analysis that might be presented on a project basis would be the availability of utilities, history of zoning changes, demand and supply for specific type properties, and more specific information about changes in the area.

MARKET DATA

Comparable Sales Data Sheets should be in the Data Book. Market data used in cost and income approaches can be put in the Data Book. Other market information (sales, listings, offers, etc.) not used in the appraisals but which the appraiser is aware of should be in the Data Book. The appraiser may wish to include some discussion of this information. Market information of this nature can be especially helpful to reviewer appraisers and acquisition agents.

It is desired that a complete list of sales available be placed in the Data Book on a grid to assist the review appraiser in identifying the possible comparable sales that could have been used. The grid should include the address, legal description if possible, date of sale, sale price, land area, and improvement area.

ADJUSTMENTS TO COMPARABLE SALES

The appraiser should include the mathematical and/or logic process used in developing dollar percentage adjustments applied to comparable sale data. The method used should be clear and concise and consideration and/or discussion will be given to the variables requiring adjustment (e.g., time, location, size, etc).
GENERAL INSTRUCTIONS

Desired Appraisal Format

The following is an outline of the various procedures of the appraisal report that the appraisal section of KDOT Right of Way wishes to be used. The procedures are helpful with the review process to fully understand more clearly the appraisal technique and delivery of logic and supported reasoning.

It is desired that the format of the report be ordered as follows:

1. A letter of transmittal is not necessary
2. Certificate of Appraiser (KDOT Form No. 1804)
3. Appraisal summary sheet (e.g. Short Form or Standard Form)
4. Table of contents (if report is over 10 pages of written dialogue)
5. Inspection Data – This is the interview information and the inspection of the subject tract. The dialogue must include the information where “…A copy of the publication “Real Property Acquisition of Kansas Highways, Roads, Streets and Bridges” was given to the property owner. The appraiser offered the property owner the opportunity to accompany the appraiser on a personal inspection of the subject tract.” Indicate if the offer was accepted or declined.
6. It must also include the dialogue stating that “…The tract inspection took into consideration the items listed in KSA 26-513.”
7. In addition, all questions of concern by the property owner directed to the appraiser should be addressed in this section. Telephone numbers and addresses of all persons with major interests are required in this section.
8. If the property owner could not be contacted within a minimum of 3 attempts, the appraiser must mail a certified letter informing the owner of the appraisal needs. In the case of these projects, interior inspections are required.
9. Property Description
10. History of the subject tract – This dialogue should discuss the past 5-year history of the subject tract. This should include date of purchase and purchase price.
11. Project Influence – Description of the acquisition area, its location and affect to the subject tract.
12. Highest and Best Use Analysis
13. Valuation – This section deals with the valuation process considered by the appraiser. All cost to cure considerations must be explained in dialogue and supported through actual costs derived from local contractors and business specialists. Names and company addresses are required as source notes.
14. Photographs of affected area(s), damages and cost to cure item(s). Interior photographs of primary subject improvement.
15. Sketch of primary improvements with exterior dimensions.
16. Legal description and plat drawing(s).
17. Certificate of title (only in “COPY” folders).
18. Contingent and limiting conditions.
19. All addendum items.
APPRAISAL PROCESS

1. The appraisal process is to appraise each tract in accordance to its highest and best use using accepted appraisal practices for appraisal of land for highway acquisition.

2. The appraiser is to personally inspect the subject tract and offer the tract owner or the owner's representative the opportunity to accompany the appraiser on the inspection. The appraiser must give adequate notice of the time of the proposed inspection. The appraiser is to discuss the project and its influences with the property owner. A copy of the legal description of the required acquisition and the booklet titled “Real Property Acquisition for Kansas Highways, Roads, Streets and Bridges” shall be given to the property owner at the time of the inspection. If the owner is not available for personal inspection, those items shall be mailed to the owner by Certified Mail.

3. The appraiser shall provide a data book containing:
   a) Area Description
   b) Scope of Project
   c) Community Information
   d) Zoning
   e) Utilities
   f) Highest and Best Use Definition
   g) Market Comparable Sales, Photos, Sales Location Map, and Sales Grid
   h) Damages and Benefits
   i) Cost to Cure Items
   j) Discussion of Adjustments to Comparable Sales for Time, Location, Size, etc.
   k) Source names and telephone numbers for data collected regarding sales information, zoning, and any other source relied upon for appraisal consideration.

4. Each report shall be submitted with a copy bound in a 2-hole side punched 8 ½ x 11 folder.

   The Label should read as follows:

<table>
<thead>
<tr>
<th>Owners Name</th>
<th>Tr No 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shawnee County</td>
<td>Copy or</td>
</tr>
<tr>
<td>75-89 K 6783-01</td>
<td>(original)</td>
</tr>
</tbody>
</table>

5. If the appraisal contract is for multiple tract(s) of more than five, unless otherwise specified, appraisal reports should be submitted weekly in groups of no less than three or more. It is strongly advisable to submit an appraisal for review as soon as possible so that the review appraiser may be able to determine any appraisal errors that may be corrected before they become compounded in the following reports.

6. The date of the appraisal should be the last date of the inspection and noted in the appraisal as such.
Partial Take:  
Whole Take:  
Other:  

Federal Project No:  
State Project No:  
County:  
Tract No:  

Location and Address:
Legal Description:

Owner’s Name and Address:
Present Use:  
Highest & Best Use:
Zoning:

Subject Property Sales Record (*last 5 yrs. required*). If none, check □

Grantor/Grantee  
Date  
Book/Page  
Price  
Verified By

**Purpose of the Appraisal:** The purpose of the appraisal is to estimate the compensation due the owner for, or as a result of, the acquisition of a part or all of his/her real property, or interest therein, for a highway or related purpose.

**VALUATION SUMMARY**

<table>
<thead>
<tr>
<th>Acquisition Needs</th>
<th>Unit Price</th>
<th>Value</th>
</tr>
</thead>
</table>

**Other Acquisition Items** (*List and show value*):

Area of Remainder:

**Cost to Cure** (*List and show value*):

Other:

**TOTAL COMPENSATION**

Date of Appraisal:
COMPARABLE SALES
Rural

Federal Aid Project Number: County: Sale No:
State Project Number: County: Sale No:

County Property ID Number (PIN):
Location:
Desc: Sec: Twp: Rng: Unit Area: Acres

Grantor: Address:
Grantee: Address:

Date of Sale: Type of Instrument: Book/Page:
Sale Price: Unit Price: per Acre Verified By:

Financing: Condition of Sale: Mineral Rights:

Use at Time of Sale: Highest and Best Use: Present Zoning:

Lessees Name & Address:

Terms of Lease:

Unpaid Special Taxes:

Neighborhood Influences and Trends:

Description of Land and Improvements:
CERTIFICATE OF APPRAISER

County: _____
Tract No: _____

Federal Aid Project Number: _____
Project No: _____

I HEREBY CERTIFY:

That I have personally inspected the property herein appraised and that 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 or in the data book or report which supplements 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 as correct; subject to the limiting conditions therein set forth and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions. No one provided significant professional assistance to the person signing this report unless so named within the report.

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 the State of Kansas 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 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 values 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 of such appraisal to any one other than the proper officials of the Kansas Department of Transportation or officials of the Federal Highway Administration and I will not do so until so authorized by State officials, or until I am required to do so by due process of law, and until I am released from this obligation by having publicly testified as to such findings.

Any increase or decrease in the fair market value of real property prior to the date of valuation caused by the public improvement for which such property is acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within reasonable control of the owner, was disregarded in determining the compensation for the property.

The owner or his designated representative was on _____, 200____, given the opportunity to accompany the appraiser during the inspection of the property. Property inspected with _____ on _____.

That my opinion of just compensation for the acquisition as of the _____ day of _____ 200____, is _____ based upon my independent appraisal and the exercise of my professional judgment.
CONTINGENT AND LIMITING CONDITIONS

The value conclusions found in this report are made expressly subject to the following conditions and stipulations:

The appraiser for matters that are legal in nature assumes no responsibility, nor is any opinion on the title rendered herewith. This appraisal assumes good title. Any liens or encumbrances, which may now exist, have been disregarded and the property has been appraised as though free and clear of indebtedness and as though no delinquency in the payment of general taxes or special assessments exist, unless noted in the report.

The design, engineering information and data has been supplied by others and is assumed to be correct. However, no attempt is made to provide a civil engineer's survey of the tract of ground and it is assumed that no encroachments exist that would be revealed by a survey of the property.

The values for land improvements, as contained in the report, are constituent parts of the total value reported and neither is to be used in making a summation appraisal by a combination with the values created by another appraiser. Either is invalidated if so used.

The possession of this report, or any copy hereof, does not carry with it the right of publication, nor may the report be used for any purpose except by the applicant, without the previous written consent of the appraiser and in any event, only in its entirety and with proper qualification.

All information and comments concerning the location, neighborhood trends, construction quality and costs, functional and economic obsolescence, condition, rents or any other data of the property represent the estimates and the opinions of the appraiser, formed from examination and a study of the property and available information. While the information has been derived from sources believed to be reliable, and the conclusions drawn therefrom are correct, the appraiser does not guarantee them and assumes no liability for errors in fact, analysis or judgment based upon this information.

The value estimate in this report is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions unless otherwise stated in this report. The appraiser is not trained or certified in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions, which would affect the subject property negatively unless otherwise stated in this report. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous substances or detrimental environmental conditions on or around the subject property that would negatively affect the value of the subject property.

This appraisal report is prepared under guidelines established by the Kansas Department of Transportation, which is an agency with the power of eminent domain. The process is unique since it seeks to value a partial acquisition with potential damages to the remainder.

The Uniform Standards of Professional Appraisal Practices provide a Jurisdictional Exception to allow the appraiser to follow guidelines established by certain agencies. This appraisal conforms to USPAP Standard Rule 2-1 through 2-5 except where agency guidelines take precedent.

I am currently certified by the Kansas Appraisal Board as a Certified General Appraiser Certification Number ________.
ADDITIONAL INSTRUCTIONS OR CONDITIONS:

JURISDICTIONAL EXCEPTION

As a certified appraiser it is necessary to follow the Uniform Standards of Professional Appraisal Practices. The appraisal techniques used to appraise property for KDOT are unique and are difficult to identify through a single or specific USPAP provision. Therefore it is necessary to invoke Jurisdictional Exception. The following or similarly written dialogue is necessary to protect the appraiser and KDOT.

This appraisal report was prepared under the guidelines established by the Kansas Department of Transportation an agency with the power of eminent domain. The intended use of the appraisal is for eminent domain related acquisition. This report format values the land and improvement in the acquisition area, as well as any damages associated with the acquisition. The process is unique since it seeks to value a partial acquisition with potential damages to the remainder.

The Uniform Standards of Professional Appraisal Practices provides a Jurisdictional Exception to allow the appraiser to follow guidelines by certain governmental agencies, such as Kansas Department of Transportation Bureau of Right of Way. These are found in the KDOT Appraisal Manual, which is written in accordance to Federal Regulations as written in CFR 49 Subtitle PART 24, Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, the "Uniform Act". This appraisal conforms to Uniform Standards of Professional Appraisal Practices except where Kansas Department of Transportation or other governmental statutes or guidelines takes precedent. It is difficult to put a specific USPAP Standard 2, identity on an appraisal report prepared for the agency. However, for any inconsistencies with USPAP Standard 2, the agency bears responsibility for appraisal requirements that meet its specific needs and "USPAP Jurisdictional Exception Provision" protects the appraisers. Therefore the report is not misleading.
The appraiser must consider the fifteen items set forth in K.S. A. 26-513 listed below when appraising a property. Other factors may also be considered. Each of the items are not to be considered as separate items of damages, but are considered only as they affect the total compensation and damages established by the appraiser.

26-513
Chapter 26.--EMINENT DOMAIN
Article 5.--PROCEDURE ACT
26-513. Same; compensation required for taking and damage; determination. (a) Necessity. Private property shall not be taken or damaged for public use without just compensation.
   (b) Taking entire tract. If the entire tract of land or interest in such land is taken, the measure of compensation is the fair market value of the property or interest at the time of the taking.
   (c) Partial taking. If only a part of a tract of land or interest is taken, the compensation and measure of damages is the difference between the fair market value of the entire property or interest immediately before the taking, and the value of that portion of the tract or interest remaining immediately after the taking.
   (d) Factors to be considered. In ascertaining the amount of compensation and damages, the following nonexclusive list of factors shall be considered if such factors are shown to exist. Such factors are not to be considered as separate items of damages, but are to be considered only as they affect the total compensation and damage under the provisions of subsections (b) and (c) of this section. Such factors are:
      (1) The most advantageous use to which the property is reasonably adaptable.
      (2) Access to the property remaining.
      (3) Appearance of the property remaining, if appearance is an element of value in connection with any use for which the property is reasonably adaptable.
      (4) Productivity, convenience, use to be made of the property taken, or use of the property remaining.
      (5) View, ventilation and light, to the extent that they are beneficial attributes to the use of which the remaining property is devoted or to which it is reasonably adaptable.
      (6) Severance or division of a tract, whether the severance is initial or is in aggravation of a previous severance; changes of grade and loss or impairment of access by means of underpass or overpass incidental to changing the character or design of an existing improvement being considered as in aggravation of a previous severance, if in connection with the taking of additional land and needed to make the change in the improvement.
      (7) Loss of trees and shrubbery to the extent that they affect the value of the land taken, and to the extent that their loss impairs the value of the land remaining.
      (8) Cost of new fences or loss of fences and the cost of replacing them with fences of like quality, to the extent that such loss affects the value of the property remaining.
      (9) Destruction of a legal nonconforming use.
      (10) Damage to property abutting on a right-of-way due to change of grade where accompanied by a taking of land.
      (11) Proximity of new improvement to improvements remaining on condemnee's land.
      (12) Loss of or damage to growing crops.
      (13) That the property could be or had been adapted to a use which was profitably carried on.
      (14) Cost of new drains or loss of drains and the cost of replacing them with drains of like quality, to the extent that such loss affects the value of the property remaining.
(15) Cost of new private roads or passageways or loss of private roads or passageways and the cost of replacing them with private roads or passageways of like quality, to the extent that such loss affects the value of the property remaining.

(e) Fair market value. "Fair market value" means the amount in terms of money that a well informed buyer is justified in paying and a well informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion. The fair market value shall be determined by use of the comparable sales, cost or capitalization of income appraisal methods or any combination of such methods.

APPLICATION FOR
CONTRACT FEE APPRAISER
KANSAS DEPARTMENT OF TRANSPORTATION

1. BUREAU OF RIGHT OF WAY

PERSONAL DATA:

Name and Title

Company Name

Address

Telephone No.      FAX No.

FEIN or SS No.      E-Mail Address

2. PROFESSIONAL INFORMATION

Real Property General Certification No.          

Other Professional Designations:          Certification No.


APPRaisal INFORMATION:

Appraisal Experience – (please give brief explanation of experience)

Right of Way Appraisal

Type and approximate number of R/W Appraisal Assignments

Agricultural ____, Residential _____, Commercial _____, Industrial _____
General Appraisal Experience – (please give a brief explanation of experience)

REFERENCES:

List 5 or more of your recent clients describing type of property appraised, date of appraisal, and general location of the property. Please provide name of contact person and telephone number for reference purposes. Note most recent Eminent Domain clients if any.

3. GEOGRAPHICAL APPRAISAL PREFERENCE

Please indicate your geographical appraisal preference by referring to statewide, county, city, general area of the state or radius miles from a specific location or city.

4. APPRAISAL ASSIGNMENT SIZE PREFERENCE

Please indicate the preferred number of tract per contract that you or your firm would be capable of handling efficiently.

☐ 1-10  ☐ 0-20  ☐ 20-50  ☐ more than 50

Applicant Signature  Date  Chief Appraiser Approval  Date