

8 Local Public Agency Land Acquisition

8.1 General

8.1.1 Introduction - The acquisition of private property needed in connection with all Federally funded projects is governed by the **Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended** (commonly referred to as the Uniform Act) and requirements of state laws as well as any applicable local ordinances. The implementing regulations for the Uniform Act are found in [49 Code of Federal Regulations \(CFR\) Part 24 and 23 CFR Part 710](#). District offices of the Missouri Department of Transportation (MoDOT) can provide copies of the appropriate codes and regulations, upon request.

Federal funding of any phase of a project necessitates that federal requirements be met in all other phases of the project, as well as the acquisition of property and relocation activities to clear the right of way for construction. Noncompliance with federal law can result in ineligibility for reimbursement for project costs in design, land acquisition, or construction.

Such projects might include roads, bike/walking paths, block grants, and enhancements, etc. Guidelines and requirements for the acquisition of land for [airports](#) and airport expansion projects, are set out in an Aviation land acquisition manual, available from the Multimodal Operations Division of MoDOT.

Local Public Agencies (LPAs) that must comply with the provisions contained in this article are cities, counties, and any agency acquiring private property or property rights, who have not developed their own manuals or guidelines for the acquisition of private property or property rights. Manuals and procedural guidelines developed by a Local Public Agency (LPA) require the approval of the Federal Highway Administration. This article is designed to assist LPAs in complying with applicable federal and state requirements. It is intended for use on small or uncomplicated projects where most of the needed property may be donated, damages to remaining property are minor and no one will be displaced from their homes, farms or businesses.

If a project has more complex acquisitions than described above, or requires the relocation of property owners or personal property, contact the Right of Way office in a MoDOT [district office](#) for other applicable instructions.

8.1.2 State Responsibility - MoDOT has the responsibility to ensure that all rights of way needed in connection with a Federal-aid project are acquired in accordance with the Uniform Act. By written agreement between MoDOT and the LPA, MoDOT will monitor LPA acquisition staffs and fee services in the acquisition of these rights of way. If an LPA is not adequately staffed to perform these services, the use of fee services in the acquisition process is permitted. Use of fee services for land acquisition activities is covered in [EPG 236.18.11](#). Refer to [LPA Negotiator Services Agreement \(Form 236.18.11.4\)](#).

MoDOT will monitor real property acquisition and relocation assistance activities conducted by, or on the behalf of, an LPA to determine that these activities are conducted in accordance with provisions of state and federal laws and directives.

8.1.3 Local Public Agency's Responsibility - The LPA is responsible for acquisition of all necessary property to permit project construction. This includes right of way, permanent easements (i.e. slopes, drainage, etc.), temporary easements (i.e. construction, [borrow](#), etc.), licenses (i.e. rights of entry, work permits, grade separation agreements, etc.) or any other agreements for the entering on or use of land or property rights for construction purposes.

The LPA must comply with all applicable requirements if federal funds are used in any phase of the project.

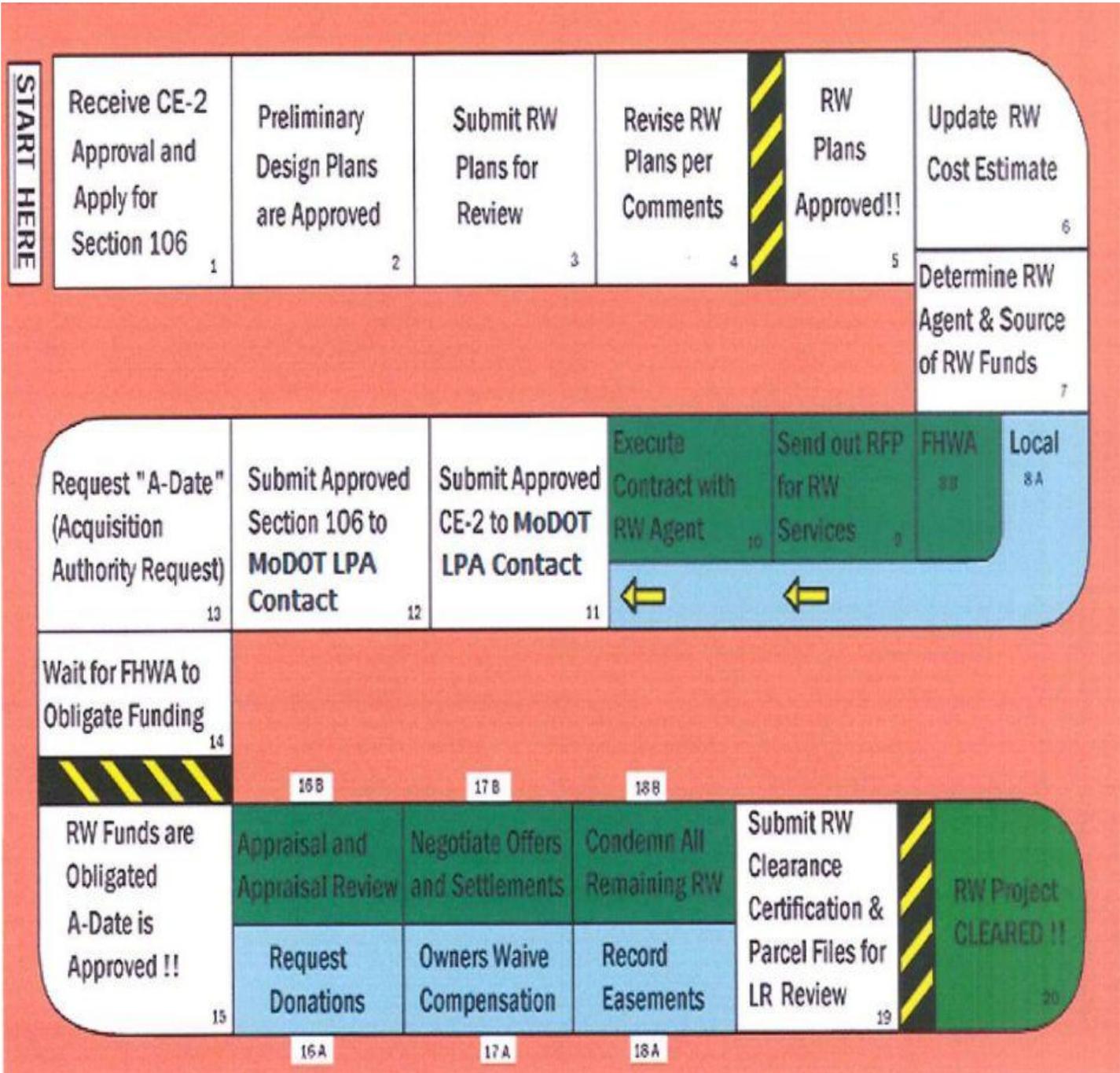
A. Nondiscrimination - LPAs shall comply with all state and federal statutes relating to nondiscrimination, including but not limited to Title VI and Title VII of the Civil Rights Act of 1964, as amended (42 USC 2000 d, e), as well as any applicable titles of the Americans with Disabilities Act (ADA). LPAs shall not discriminate on grounds of the race, color, religion, creed, sex, disability, national origin, age or ancestry of any individual.

B. 1099 Reporting - LPAs are reminded that it is their responsibility to report payments to owners for real estate purchases to the Internal Revenue Service. Specific instructions on reporting requirements are found in the IRS instructions for 1099 forms. Certain penalties for not reporting may be encountered. Typically, closing agents are required to do the 1099 reporting for all transactions over \$600. The LPA would be responsible for this reporting if no closing agent is used, or if compensation is paid through the court system.

8.1.4 MoDOT Right of Way Procedures - MoDOT has developed [EPG 236 Right of Way](#) that governs its activities relating to right of way acquisition. These procedures define functions, operational procedures and guidance necessary to be eligible for federal funds participation in right of way. Local agencies will be required to follow MoDOT procedures or those contained in this article, unless the agency develops their own written policies and procedures for compliance with the Uniform Act and the [Code of Federal Regulations 49 CFR Part 24](#). In condemnation, the agency must also fulfill the requirements of [RSMo 523](#). These written policies and procedures would be subject to review and acceptance by MoDOT and Federal Highway Administration (FHWA) prior to utilization on a Federal-aid project.

8.1.5 Local Public Agency Right of Way Acquisition Brochure - An [FHWA brochure](#) specifically designed for LPA use is available in preprinted form through MoDOT district offices. The right of way acquisition brochure should be made available to all affected property owners on a project at the earliest opportunity (at public hearings, during engineering surveys, first contacts for acquisition of property) to indicate the agency's interest in acquiring the real property and to advise the owner of the acquisition process, and basic protection under the law. The brochure satisfies certain requirements when public hearings are necessary, as well as notification requirements before or upon initiation of negotiations with owners. LPAs may develop and use their own brochures with prior MoDOT approval. A brochure identifying relocation assistance eligibility and benefits is also available from the MoDOT district office for those parties or businesses that are displaced or must move personal property from the proposed right of way. Contact your district RW office for the most recent relocation assistance brochures available for residential and business displacements.

8.1.6 Local Public Agency - Right of Way and Easement Acquisition General Summary of the Right of Way Process - The Local Public Agency (LPA) has been awarded a federal-aid project on the Transportation Implementation Program (TIP). The Reasonable Progress Policy and the schedule set by the LPA fixes time lines to be met. With right of way acquisition involved in your project, you must plan to continue the design and acquire right of way simultaneously. Coordination and planning is key to the success of the LPA. To this end, MoDOT has prepared a simple flow chart to help you visualize and plan the acquisition process for your LPA project.



RW Flow Chart for the LPA

An [easily printable version](#) of the chart is also available.

The goal is to acquire right of way AND certify it clear; at the same time the final Plans Specifications and Estimates (PSE) package is approved. Ultimately, the final PSE should not obstruct the completion of the RW clearance, and the RW clearance should not delay the Final PSE.

These instructions should be used as a map to identify where you are in the RW Process and what to do next. Like many maps, it will not tell you how long it takes, but simply how to get there. How long it will take is up to the project sponsor and the designer. Dealing with private property owners can be dynamic and complicated, but is not out of your control. The more time you can allow for this phase, the more likely you are to meet your schedule for construction.

Square 1

The RW Process actually begins during the Preliminary Design Plans (PDP) stage. The approvals you must obtain during PDP directly affect your ability to begin RW Acquisition. Check with your District Design Liaison (DDL) on the status of the environmental and historic clearances. Among other requirements, the National Environmental Policy Act (NEPA) requirements for the project must be met before the PDP can be approved.

All projects will require NEPA and a [Section 106 Historic](#) clearance as well as a determination that no 4(f) or 6(f) public recreation areas or historic 4(f) properties are identified that would preclude the setting of an A-date. A Section 106 form should be sent to the Missouri Department of Natural Resources (MoDNR) to be reviewed as soon as possible in order to keep the process moving. When the NEPA has been completed and the Section 106 has been applied for you may move to the next step.

Square 2

The PDP must be approved prior to submitting RW Plans for approval. This is because the FHWA intends to ensure the alignment will not change before participating in RW or Construction costs. When your Preliminary Design plans are approved, please move ahead.

Squares 3 and 4

Submit RW Plans to MoDOT for review, if there are comments made, revise them and move to the next square. If no comments are made and the RW Plans are approved, skip the next square and move directly to Square 5, RW Plans Approved.

With no time to waste, move ahead to Square 6; review the most recent RW Cost Estimate for accuracy, age and any new developments with regard to property owners, land sales or new construction. Now is the time to update this cost estimate to ensure you have an accurate number. For a list of eligible and reimbursable RW costs, contact your MoDOT district RW office. Now move to the next square.

Square 7

Now that you're reasonably sure how much it will cost, the LPA must determine who will acquire the RW and how it will be paid for. Either one has a direct effect on the other and will decide which path your local agency will take.

Square 8A

Local: If the LPA is staffed to acquire RW, AND the cost is within the local funds held by the LPA for this project, then it may be prudent to use the Local slide to skip the next two squares. Warning, all RW costs will be paid for by the LPA and ONLY the LPA will be accountable for adherence to the requirements of state laws and the CFR Titles 23 and 49, including the Uniform Act.

Square 8B

FHWA: If on the other hand, the local funding is insufficient for the RW Cost estimated, OR the agency is not staffed to acquire RW, it is strongly recommended the LPA use the FHWA path to hire a RW Agent or Firm from MoDOT's approved list.

Squares 9 and 10

These may include appraisers, negotiators, lawyers, mediators or any firm, which handles all types of right of way services. This path also includes obligating federal funding for the eventual reimbursement of a large percentage of these RW Costs. The LPA and the RW Consultant will both be accountable for adherence to the requirements of state laws and the CFR Titles 23 and 49, including the Uniform Act.

Square 11

The Environmental NEPA approval was obtained before PDP. Make a copy and hold it until Square 13. Move ahead one square.

Square 12

The Section 106 Historic Register approval / clearance as well as a determination that no 4(f) or 6(f) public recreation areas or historic 4(f) properties are identified that would preclude the setting of an A-date should be available by this time. If you have approval letter, make a copy and hold until you move ahead one space.

Square 13

Fill out the [Acquisition Authority Request \(Form 236.18.2\)](#). If you have taken the path of FHWA, use the A-Date Request form to have MoDOT review and forward it to FHWA and obligate federal funds for RW Acquisition. Move ahead and wait.

Square 14

If you are following the path marked Local, Complete the A-Date request form for the "Request for Notice to proceed only; No federal funds to obligate at this time." Your MoDOT - District office will grant your approval to begin RW Acquisition without the use of federal funds in RW. You will be notified when you may begin acquisition.

If you chose to use federal funds in RW, you must wait for FHWA to obligate those federal funds. The only thing you should have done at this point with regard to RW Acquisition is title work, RW plans and cost estimates. These are all eligible for reimbursement under Preliminary Engineering (PE). You may also send a letter to all affected property owners, to advise them of their rights according to the [Eminent Domain Law, RsMO 523.000](#).

Square 15

You will get an email, phone call or a letter telling you the federal funds are now approved, and you may begin the acquisition of RW and Easements for your project. You have just made it over hurdle number two. Congratulations, now it gets tougher.

Squares 16A and 17A

If your project is not complicated, you may want to request donation from the owners. Move to the next square. If the owners sign those donation documents, and deeds conveying the easements you need, make sure the owners also sign the waiver of compensation letter. This is a federal regulation to ensure they were informed of their rights to compensation for any type of acquisition on their property. Once you have all of them signed, move one square.

Square 18A

In either case, complicated or not, the deeds must be recorded. This can be costly so remember to plan for this expense when making the decision on whether to use federal funds or local funds for acquisition. Along the way, be sure to work on completing the final plans package (PSE) for construction. Do not advertise until allowed by MoDOT.

Squares 16B, 17B and 18B

If your project is complicated, you can begin to get property appraised, have those appraisals reviewed and move to the next square. Negotiate the offers and justify settlements, if necessary and move on. Then, for those owners with whom you cannot reach an agreement, you may want to consider Condemnation and the effects of acquiring the parcels thru Eminent domain. You have a right to do this, so use it if you must. After all, any project built on all of the easements and RW originally proposed is a better project than one with less RW acquired.

Square 19

Submit your RW Clearance Certification to the District Design Liaison, or the Central Office RW Section staff designated to handle Federal-Aid projects. Please do this as early as possible to ensure there is time to review the acquisition files. Many times RW personnel will be available to come to your city or county to perform the review. In most cases, this may be more efficient; if there are any changes to be made, it typically can be handled on the spot. If your parcel files are not in order, you will spend whatever additional time it takes to remedy the situation in order to certify the RW is clear. This must be completed before any construction activity can take place. If the parcels have been acquired according to policies and procedures, MoDOT will advise you that your RW Clearance Certification is approved and ready to move the project along.

Square 20

Congratulations you have successfully completed the three steps involved in RW Acquisition; RW Plans, Acquisition Authority, and RW Clearance Certification. Should you have any questions, please refer to the remainder of this LPA-LAM or contact your MoDOT Federal-Aid Project representative.

8.2 Funding

- 8.2.1 Funding Requirements** - Right of way acquisition by public entities is governed by [Revised Statutes of Missouri, \(RSMo\) 523.000](#). To assure the protection of individuals' property rights affected by transportation projects, requirements of the [Uniform Act](#) must also be followed.

Right of way costs for a project and incurred by the LPA may be the sole responsibility of that LPA or they may wish to have a share of these costs reimbursed by the FHWA through MoDOT. In either case, the LPA must first make a request to their MoDOT District personnel in order to receive approval to begin right of way and easement acquisition. Every effort should be made to ensure the right of way funds are obligated for a project before any eligible costs are incurred, if the LPA wishes to be reimbursed for those costs. If the LPA will fund the entire right of way expense, the approval to begin the acquisition must still be obtained.

Federal funds participation in eligible right of way costs may become necessary after acquisition has begun. If acquisition activities have followed minimum requirements, approval for the federal participation can be expedited. The federal requirements reflect the appropriate acquisition activities for any land or property rights acquisition. If at any point in the acquisition process, federal funds are found to be necessary or desirable for right of way acquisition; an Acquisition Authority (A-date) must be obtained, as outlined in the next paragraph. Acquisition costs incurred prior to receipt of an A-date will not be eligible for federal funds participation.

- 8.2.2 Acquisition Authority** - A Request for Acquisition Authority (A-date) is an application to MoDOT, certifying approval of plans and environmental and archaeological classifications, execution of supplemental agreements (if any), adequate right of way staff or use of fee services, noting the use of LPA funds for right of way or requesting federal funds participation, and an estimate of the right of way acquisition cost.

The LPA may request an A-date by submitting:

- A completed [A-Date Request Form 236.18.2](#)
- Two sets of completed right of way plans
- Copies of the Section 106 Historic Clearance as well as a determination that no 4(f) or 6(f) public recreation areas or historic 4(f) properties are identified that would preclude the setting of an A-date and Environmental Approvals
- A cost estimate indicating acquisition costs is included on Form 18.2.

The A-Date Request Form 18.2 should be completed by the LPA and submitted to the local MoDOT district office. Assistance in filling out this form is available from MoDOT district personnel.

If federal funds will participate in any part of the project (right of way or construction) right of way may not be acquired until the Federal Highway Administration (FHWA) has approved the environmental document, and Section 106 (Historic and archeological considerations) has been completed, as per [EPG 136.4.1 National Environmental Policy Act \(NEPA\) Classification](#). Failure to accomplish all environmental documentation prior to acquisition of right of way might jeopardize federal funds participation in the entire project.

The acquiring agency is responsible for submitting evidence that environmental and cultural requirements have been addressed and approved. Verification of completion of these requirements is addressed through the MoDOT District Liaison Engineer, Design by submitting copies of the NEPA and Section 106 approvals attached to the A-Date Request Form, Request for Acquisition Authority will document the completion of all environmental clearances on projects with or without federal funds participation in the right of way phase.

If fee services are necessary, use of a written contract is recommended. (Refer to [\[236.18.11 Right of Way Services Through Contract\]](#) EPG 236.18.11 Right of Way Services Through Contract.) Fee appraisers utilized to prepare Value Finding or Standard Format Appraisals must be State Certified, either Residential or General, and be listed on MoDOT's approved roster of fee appraisers. Non-certified individuals, familiar with real estate values may be used to prepare Waiver Valuations on projects with no federal funds in right of way. Fee negotiators also have their own MoDOT approved roster from which to select qualified acquisition service contractors.

8.2.3 Notification by MoDOT - MoDOT will notify the local agency in writing to proceed with right of way activities after MoDOT district Right of Way has reviewed and approved the data provided by the LPA. The LPA will receive a letter stating they can begin right of way acquisition with no federal participation OR that federal funds have been obligated. Both letters must give the date the LPA is approved to begin acquisition. The "federal funds are approved" letter must also include a revised summary of costs attachment clearly indicating the right of way funds are set up correctly and a breakdown within the body of the letter showing the amount of federal funds, local funds, and total right of way project costs.

8.2.4 Costs Eligible for Reimbursement Before Receipt of an A-Date - Costs in preliminary right of way activities (those prior to the appraisal phase such as preliminary right of way

project cost estimates, title work and description writing) are eligible for federal participation as a preliminary engineering activity. These costs are eligible for reimbursement after prior approval by MoDOT through preliminary engineering.

[Mid-America Regional Council \(MARC\)](#) does not allow reimbursement of Preliminary Engineering costs, because such costs are part of that agency's participation agreement. (This affects Jackson, Platte, Clay and Cass counties.)

8.2.5 Costs Eligible for Reimbursement After Receipt of an A-Date

- Real property acquisition.
- Incidental costs to the acquisition. (i.e. appraisal, appraisal review, negotiation, and relocation expense, recording documents, etc.)
- Pro rata taxes and/or special assessments.
- Permanent and temporary easements.
- Damages to remainder of real property.
- Cost of acquisition through condemnation, interest on legal settlement or court awards, and court commissioner fees.
- Tenant-owned improvements.
- Uneconomic remnants.
- Construction in exchange for donation, or mitigation of damages.
- Relocation payments and expenses.

8.2.6 Support for Claims for Reimbursement - Support for claims for reimbursement shall include:

- 1) A right of way map or plan showing the rights of way authorized, and actually acquired, including items indicated ([RW Plan Review Checklist \(Form 236.18.5\)](#)).
- 2) Statement of cost of right of way showing:
 - Parcel number
 - Cost of parcel
 - Cost of excess land, if any
 - Credits by parcel or project
 - Incidental expenses by parcel or project
 - Cost of construction performed in mitigation of damages on a parcel basis if claimed as a right of way item. (Refer to [23 CFR 710.203\(a\)\(1\)](#)).

8.2.7 Inspection of Documents - All documents relating to acquisition of the right of way shall be available for inspection at reasonable times by authorized representatives of MoDOT and Federal Highway Administration. Refer to [23 CFR 710.201 \(f\)](#). All documentation shall be kept a minimum of three years after the final invoice is submitted for the right of way costs.

8.2.8 Federal Project Number - All plans, contracts, deeds, appraisals, options, vouchers, correspondence and all other documents and papers shall carry the Federal-aid project number for identification.

8.3 State Monitoring

MoDOT has overall responsibility for acquisition of right of way needed in connection with all federal funded projects, and MoDOT must assure compliance with federal regulations. This assurance is provided at the same time the agency certifies clearance of right of way and requests authority to advertise for physical construction. In order to give this assurance, MoDOT personnel will provide a resource for information on proper procedures, and may monitor the agency's acquisition activities during the acquisition process, and will monitor the entire project, or representative samples, prior to clearance certification.

MoDOT will utilize Monitor Checklists ([Form 236.18.3A for Project/Acquisition](#), [Form 236.18.3B for Appraisal](#) and [Form 236.18.3C for Relocation Assistance](#)), to evaluate the various activities. For small projects all parcels may be monitored. For larger projects, a sample may be utilized. The state's sole objective in this monitoring activity is to assure that when federal funds are requested by the agency in any phase of the project, that acquisition activity will have fulfilled all the requirements for the agency to receive such funds. Agencies are therefore requested to consult with the right of way manager, at the MoDOT district office, at any stage of the right of way function. MoDOT personnel can provide a technical resource, and assure that right of way acquisition is in compliance with regulations. Early consultation can eliminate problems and facilitate delivery of federal funds.

8.4 Retention and Access to Records

The acquiring agency shall maintain a project file (i.e. appraisal data book(s), title services contract, public hearing record, etc.) and a separate parcel file, which contains all the elements set out on [Form 236.18.4 Parcel File Checklist](#) for each acquisition of real property and each unit displaced. It is strongly recommended that the Parcel File Checklist be attached to the inside left cover of the parcel file along with the negotiator's report form and negotiator's narrative. This form aids the LPA in identifying the minimum requirements for clearance and can speed up review times during the audit process.

These parcel file records shall be sufficient to demonstrate compliance with applicable laws and requirements and shall be available for inspection at reasonable times by authorized representatives of MoDOT and Federal Highway Administration and other authorized federal representatives. Refer to [23 CFR 710.201 \(f\)](#). The records shall be retained for at least three years after the final payment for the construction project from the Federal Highway Administration.

LPAs must maintain an inventory of all improvements acquired; how these improvements are disposed of; an accounting of management expenses (i.e. advertising for disposal, preparing demolition contracts, etc.), rental receipts received, and recovery payments for disposition of improvements; and rodent control costs. See [EPG 236.18.12 Property Management](#) for additional requirements.

NOTE: LPAs are reminded that it is their responsibility to report payments to owners for real estate purchases to the Internal Revenue Service. Specific instructions on reporting requirements are found in the [IRS instructions for 1099 Form](#). Certain penalties for not reporting may be encountered.

8.5 Plans and Title Information

- 8.5.1 Plans** - Plans for a project must provide land or right of way adequate for the construction, operation and maintenance of the facility for the protection of both the project facility and the public.

If the project is not for road purposes, plan requirements may be different, as imposed by agencies other than the Federal Highway Administration. Check with MoDOT's district right of way manager for the plan requirements of those jobs.

Right of way plans are a supporting document for any progress or final claim for federal reimbursement of expenditures made for right of way when federal funds have been authorized in the right of way acquisition. Elements required on the plans for right of way purposes are indicated on the [RW Plan Review Checklist \(Form 236.18.5\)](#).

- 8.5.2 Title Information** - Title and ownership information is needed for the purpose of establishing property lines, computing ownership areas, right of way areas, etc. Certain title information is necessary to determine if marketable title is passing to the acquiring agency. When minor rights of way and/or temporary rights are the only rights being acquired, it is permissible to determine ownership by use of the last deed of record.

Title information needed is owner's name, total area of contiguous lands comprising the ownership, information regarding mortgages, special assessments, liens, taxes, etc., to enable the LPA staff to prepare the necessary documents for title transfer. Required title information may be secured by a qualified member of the LPA staff or purchased from a title company doing business in the county. If necessary, commitments for title insurance may be obtained from qualified title agencies.

Alternatively, the LPA can obtain abstracts from which the agency's attorneys can determine the conditions of titles. Each abstract will cover a minimum period of 30 years or no less than four conveyances, except where it reasonably appears that an indicated ownership of the fee title of more than 30 years duration exists. Abstracts should also include conveyances of easements, mineral rights, or other interests of less than fee title, which appear of record.

The cost of obtaining the necessary title information is an incidental cost to right of way acquisition, and is one of the costs that are eligible for federal participation. Preliminary title work, like last deeds of record and title commitments, is a preliminary engineering cost and eligible for participation if only construction is federal participating. Title insurance and later title opinions are generally considered a right of way expense, and are only receive federal participation if there are federal funds in the right of way acquisition portion of a project.

When non-complex property or property rights are donated, a proper LPA authority may waive acquisition of additional property interests (like partial mortgage releases, easement owners, tenant interests, etc.), but a memo outlining the waiver to acquire additional property interests should be included in the file.

8.6 Appraisal and Appraisal Review

8.6.1 Definition of Appraisal and Waiver Valuation - The acquiring agency must offer the property owner an amount that it believes to be just compensation, and that amount is to be based on the fair market value of the property as determined by a professionally prepared, reviewed and approved appraisal or waiver valuation. Further, the Uniform Act provides that the amount of just compensation shall be no less than the amount of the agency's approved appraisal or waiver valuation.

Appraisal: An appraisal is defined in the Uniform Act as: A written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information. See [49 CFR 24.2 \(a\) 3](#).

Waiver Valuation: An appraisal waiver is not an appraisal as defined by the Uniform Act. See [49 CFR 24 102 \(c\)](#). The purpose of the appraisal waiver provision is to provide a technique to avoid the costs and time delay associated with appraisal requirements for low-value, non-complex acquisitions. The intent is that non-appraisers and appraisers in training may make waiver valuations.

Use of the Waiver Valuation is allowed when:

- the acquisition is simple and \$10,000 or less, plus fence re-establishment costs
- land value is easily determined,
- only nominal structural improvements are acquired,
- only nominal access rights are acquired
- other than fence, costs to cure cannot make the total compensation exceed \$10,000
- There are no apparent damages to the remainder – other than simple easements and creation of nominal uneconomic remnants.

8.6.1.1 Appraisal Formats and Instructions - MoDOT makes appraisal formats and waiver valuation formats and their instructions available for Local Public Agency use. Use of these forms and instructions will fulfill the LPA's obligation to obtain a valuation for each acquisition. The LPA is provided access to these instructions and forms with the following links. The valuation instructions and formats are applicable for all users.

Guidance

[EPG 236.18.6.3.1 Standard Appraisal Format Instructions](#)

[EPG 236.18.6.3.2 Value Finding Appraisal Format Instructions](#)

[EPG 236.18.6.3.3 Waiver Valuation](#)

[EPG 236.18.6.3.4 Uniform Residential Appraisal Report \(URAR\) and Addendum Instructions](#)

[EPG 236.18.6.3.5 Instructions for Preparing Sale Forms](#)

[EPG 236.18.6.3.6 Access Rights Valuation](#)

[EPG 236.18.6.3.7 Other Agency Valuations](#)

[EPG 236.18.6.3.8 Airport Valuation](#)

Forms

[236.18.6.3.1 Standard Appraisal Format](#)

[236.18.6.3.1A Assumptions and Limiting Conditions](#)

[236.18.6.3.1B Certificate of Appraiser](#)

[236.18.6.3.1C Tenant Summary](#)

[236.18.6.3.2 Value Finding Appraisal Format](#)

[236.18.6.3.3 Waiver Valuation – Payment Estimate](#)

[236.18.6.3.4 URAR and Addendum](#)

[236.18.6.3.5A Nonresidential Sale](#)

[236.18.6.3.5B Residential Sale](#)

[236.18.6.3.5C Comparable Lease](#)

8.6.1.2 Scope of Assignment - Requires minimum standards for appraisals consistent with established appraisal practice. [Uniform Standards of Professional Appraisal Practice \(USPAP\)](#), (also see [EPG 236.18.6.3.1.17 Uneconomic Remnant](#)), contains a “Scope of Work Rule”, which requires identification of the problem to be solved, determination and performance of the scope of work necessary to develop credible assignment results, and disclosure of the scope of work in the report. To fulfill the objectives of the CFR and USPAP, MoDOT has developed the Scope of Assignment process to assure appraisal reports meet reporting requirements and provide a high quality appraisal document. The Scope of Assignment preparer must be familiar with the requirements of the various formats (see [EPG 236.18.6.3](#)).

LPA's may refer to [Scope of Assignment Process](#) and [Form 236.18.6.2.2](#). [49 CFR 24.104](#) requires a review process, and minimum standards thereof. USPAP also contains standards for appraisal review. To fulfill the objectives of the CFR and USPAP, MoDOT have developed a review process and forms. Refer to [EPG 236.18.6.4 LPA Appraisal Review and Approval of Just Compensation](#) and Forms [236.18.6.4.3 Appraisal Review](#) and [236.18.6.4.4 Adjustment of Value](#). The review appraiser must be familiar with the requirements of the various formats (see [EPG 236.18.6.3 Valuation Formats and Instructions](#)).

Staff and Fee Appraiser Activity and Personnel Approval by MoDOT

A. Staff Appraiser

Staff Appraisers who will prepare Value Finding and Standard format appraisals must carry adequate qualifications to accomplish the appraisal assignment, and be approved by MoDOT District Right of Way Managers.

MoDOT and this manual impose no requirement on the staff of LPAs. However, it is recommended that agencies subscribe to the MoDOT requirement for staff appraisers, which is:

Staff appraisers are generally expected to exhibit knowledge of business and real estate as might be acquired through graduation from an accredited four year college or university with a bachelor degree in real estate, finance, economics, business administration, public administration, or related area.

Two years experience with the LPA in right of way activities, or four years' experience outside the LPA in a comparable position.

Completion of training courses in real estate, appraisal principles and appraisal procedures.

B. Fee Appraisers Must Be On Roster Of Approved Contract Appraisers

The selection of fee appraisers should be based upon the qualification level and experience necessary for the type of appraisals to be encountered. The selected appraiser must appear on the [Roster of Approved Contract Appraisers](#). The roster also indicates those appraisers that have been pre-qualified for appraisal review.

C. Duration of Approval of Fee Appraisers on the Roster of Approved Appraisers/Reviewers

Duration of approval on the Roster of Approved Fee Appraiser/Reviewers is 3 years. A renewal application will be sent to each fee appraiser/reviewer 2 months prior to their 3 year expiration date as contained in MoDOT's database. The renewal application will seek to determine the applicants desire to remain on the list and also to capture updated information including address, phone numbers, email addresses and areas of the state the applicant is interested in performing work. Renewal dates are contained in the Roster of Approved Appraisers. If you have any questions, contact the Right of Way Section of MoDOT's Design Division.

D. Separation of Functions -Appraisal/Review/Negotiation

Negotiations shall be conducted by someone other than the appraiser or reviewing appraiser of the real property to be acquired, except that the acquiring agency may permit the same person to value and negotiate an acquisition where the value is \$10,000 or less. However, the valuation must be reviewed and an amount approved by another designated agency official before the initiation of negotiations.

Appraisals prepared by agency staff may not be reviewed by the appraiser that made the appraisal. Appraisals prepared by contract appraisers may not be reviewed by a member of the same firm as the appraiser.

8.6.1.3 Staff and Fee Appraisal Review Activity and Personnel Approval by MoDOT

A. Approval and Co-signing of Waiver Valuation - Payment Estimates

Agency officials familiar with real estate values can inspect and co-sign or approve compensation determined on a [Waiver Valuation](#).

B. Review and Approval of Value Finding or Standard Format Appraisals

Qualified review appraisers are necessary to approve Just Compensation estimated by appraisers on the Value Finding or Standard Format appraisals. Staff reviewers, who will approve just compensation based on staff appraisals by Value Finding and Standard formats, must be approved by MoDOT. Fee review appraisers must be on the [Roster of Approved Contract Appraisers](#) and pre-qualified as review appraisers on the roster.

8.6.2 Scope of Assignment - 49 CFR 24.103 (s) requires minimum standards for appraisals consistent with established and commonly accepted appraisal practice, including all relevant and reliable approaches to value. These appraisal requirements accommodate an appraisal reporting level commensurate with complexity. [Uniform Standards of Professional Appraisal Practice \(USPAP\)](#) contains a Scope of Work Rule, which requires identification of the problem to be solved, determination and performance of the scope of work necessary to develop credible assignment results, and disclosure of the scope of work in the report. To fulfill the objectives of the CFR and USPAP, the agency has developed the Scope of Assignment process to assure appraisal reports meet reporting requirements, appraisal principles and standards, and provide a high quality appraisal document. The Scope of Assignment preparer must be familiar with the requirements of the various formats, set out in [EPG 236.18.6.3 Valuation Formats and Instructions](#).

All Scope of Assignment documents will be prepared by an individual familiar with all appraisal requirements for proper appraisal practice, approaches to value, rules and laws relevant to valuation for condemnation purposes, 49 CFR, USPAP, etc. The scope will identify the anticipated minimum requirements for an appraisal document to

address all issues resulting from acquisition from a property. The Scope of Assignment preparer shall assign a level of documentation consistent with the complexity and anticipated value conclusion range of each acquisition. The assignment criteria must assure adequate documentation yet not assign or pay for more work than meets the agency's needs.

The Scope of Assignment is a working document throughout the life of the appraisal work for a project, and only finalized when all assignments are complete.

The completed Scope of Assignment, whether a parcel listing of format assignments, an in-depth Scope for each parcel, or a combination of both are to be dated and signed by the person who prepared the study.

Scope of Assignment Process

Two Scope of Assignment processes are available. A Scope of Assignment may merely direct an appraiser experienced with MoDOT formats and their instructions, what format to use along with any special instructions. Otherwise, a more detailed Scope of Assignment shall be used for staff or fee appraisers less experienced with MoDOT formats, when fee appraisers will be competitively bidding, or when the appraisal assignment is so complex as to necessitate an in-depth Scope of Assignment.

A. Scope of Assignment for Simple Assignment or Experienced Staff and Fee Appraisers

MoDOT has established detailed instructions and formats that fulfill its and the agency's appraisal needs. Through training and repetitive similar work assignments, staff and fee appraisers become familiar with the detailed instructions and their associated formats. Therefore, for experienced staff and fee appraisers, the Scope of Assignment preparer may merely reference the format required and any other special instructions or approaches to value. Even this abbreviated Scope of Assignment will follow the principles of a Scope of Assignment as set out for inexperienced staff or fee, below.

B. Comprehensive Scope of Assignment for Complex Assignment or Inexperienced Staff and Fee Appraisers

A comprehensive Scope of Assignment shall indicate the following for each parcel, when applicable:

1. Total land area, proposed acquisition area, temporary and permanent easement, etc.
2. A brief but comprehensive description of land and improvements.
3. The manner in which proposed highway improvement may affect remaining real property.
4. Identify and explain all observed elements of loss or damage.
5. Identify curable losses, if any are observed.

6. Under all appraisal formats the value estimates must include all fee owned and tenant owned improvements, both affected and unaffected. The scope may authorize the appraiser to estimate the contributory value of unaffected improvements.
7. A statement from the agency's counsel with regard to special benefits when it is anticipated that such benefits may accrue to a remaining fee hold.
8. An in-depth explanation of those appraisal problems that warrant two appraisals on the same parcel.
9. A comprehensive Scope of Assignment shall indicate what evidence is required to support depreciation rates for affected improvements when a cost approach is specified. If primary reliance is likely to be placed on the cost approach a higher standard of support for the depreciation estimate should be required.
10. A comprehensive Scope of Assignment shall indicate if specialty appraisals to evaluate affected machinery, specialty items, trade fixtures, etc. are required. Also, if the agency or the fee appraiser is responsible for obtaining said appraisal and which party is responsible for the cost of specialty appraisals.
11. A comprehensive Scope of Assignment shall indicate a suggestion or requirement to engage a contractor to furnish cost to cure estimates for rehabilitating remainder buildings, correcting or revising affected sewer systems, water lines, fence, etc., and if the agency or the fee appraiser is responsible for obtaining and the cost of the contractor's services.
12. Approaches to Value. The sales comparison approach often develops the most credible indication of value. In most situations this may be the only approach necessary to estimate just compensation. The cost less depreciation approach is best applied to newer, special use, or unique improvements not normally transferring in the market place. An income approach may be implemented when appropriate.

The Scope of Assignment shall indicate the recommended approach or approaches to value "before" as well as "after" when applicable.

The sales comparison approach shall be shown for parcels where appraiser relies upon vacant land sales and may estimate contributory value of unaffected improvements.

8.6.3 Valuation Formats and Instructions

8.6.3.1 Standard Appraisal Format - Use of the [Standard Appraisal Format](#) is required when:

- the appraisal problems are judged complex
- the highest and best use of a property as improved is different than the highest and best use as if vacant
- residential or other major improvements are acquired, unless use of the URAR appraisal is specified.
- there is a change in the highest and best use after the acquisition.

The appraiser shall adhere to the following format and shall include paragraph headings and numbers as shown. The appraisal shall be typewritten on 8 1/2" x 11" paper with the pages numbered sequentially.

These format instructions set out appraisal requirements of the agency, MoDOT and the Federal Highway Administration (FHWA). It is inevitable that appraisers will occasionally encounter situations that are not specifically addressed herein. In all cases the appraiser is responsible for a credible, adequately documented appraisal. Reasonableness and typical professional appraisal practices are the standard.

There are a number of ownership items and appraisal problems frequently encountered in valuing acquisitions for transportation purposes, on which policies have been established by case law, management decision and precedent. These policies apply to all appraisal formats and are set out in [EPG 236.18.6.3.1.20D Other Appraisal Considerations](#).

The following standardized identification block shall be included at the front of the appraisal, without deviation.

LOCAL PUBLIC AGENCY
STANDARD APPRAISAL FORMAT

REAL ESTATE

County: _____
Route: _____
Project No.: _____
Federal Project No.: _____
Parcel No.: _____
Area of Contiguous Ownership: _____
(As calculated from plans)
Acquisition: _____
(As indicated on plans)
Normal Access Land: _____
Controlled Access Land: _____
Fully Controlled Access Land: _____
Partial Controlled Access Land: _____
Permanent Easement: _____
Temporary Easement: _____
Borrow: _____
Remainder: _____
Appraiser: _____
Effective Date of Appraisal: _____

Reporting the effective date of appraisal and date of report are required by CFR and USPAP. The effective date of appraisal establishes the context for the value opinion, generally the date of last inspection. For condemnation appraisal reports, the effective date will be the date the commissioners' award is paid into court. The report date with the signature on the certificate should normally be the date the appraisal is complete or turned in for review.

8.6.3.1.1 Owner and Tenant Owner - Identify owner and tenant owner by address, phone number, cell phone number, email address, etc.

8.6.3.1.2 Purpose of Appraisal - The purpose of this appraisal is to estimate just compensation due the owners as a result of acquiring land and realty rights as herein described.

Fair Market Value Definition: Fair market value is the value of the property taken after considering comparable sales in the area, capitalization of income, and replacement cost less depreciation, singularly or in combination, as appropriate, and additionally considering the value of the property based upon its highest and best use, using generally accepted appraisal practices. If less than the entire property is taken, fair market value shall mean the difference between the fair market value of the entire property immediately prior to the taking and the fair market value of the remaining or burdened property immediately after the taking. See [RSMo 523.001](#).

Do not use definitions from various appraisal organizations and sources. Failure to use the above definitions can result in having the testimony of a witness stricken.

Intended Use: The intended use of the appraisal report is to assist the agency in establishing the amount of compensation to pay for the land and property rights to be acquired.

Intended Users: Intended users of this report are the agency (the client), the MoDOT, the FHWA and the United States Department of Transportation and persons authorized by the client. RSMo 523.253 requires a copy of this appraisal report be provided to the owner of the subject property for information only, the owner is not an intended user as defined by USPAP.

Uniform Standards of Professional Appraisal Practice: The appraiser shall include in the appraisal report the following statement. See [Uniform Standards of Professional Appraisal Practice](#) for the background for this statement.

USPAP Compliance Statement: This appraisal was prepared according to the contract/assignment from the agency. The intended use of the appraisal is for eminent domain related acquisition and the

agency is the only intended user (except as indicated above). The agency bears responsibility for contract/assignment requirements that meet its needs and therefore are not misleading. In combination with the Scope of Assignment and review function, all appraisal reports assigned by the agency identify the problem to be solved, determine the scope of work necessary to solve the problem and correctly complete research and analysis necessary to produce a credible appraisal and are therefore in compliance with USPAP Standard 1. In that the agency is an intended user of the report and others may be provided copies for informational purposes, the agency has determined that reports prepared in conformance with these procedures constitute a Summary Appraisal Report which fulfills the agency's needs. It is misleading for an appraiser to disregard a part or parts of USPAP as void and of no force and effect in a particular assignment without identifying in the appraiser's report the part or parts disregarded and the legal authority justifying this action.

8.6.3.1.3 Interest Appraised - The interest appraised will normally be fee simple interest. If the ownership is encumbered with a lease, the value conclusion may be a leased fee estate. Easement encumbrances impacting market value shall be identified.

8.6.3.1.4 Scope of Work -Reference the information researched and the analysis applied in an assignment. Appraisers have a responsibility in determining the appropriate scope of work for an appraisal assignment. Credible assignment results require support by relevant evidence and logic.

Scope of Work includes, but is not limited to:

- The extent to which the property and comparable sales were inspected
- The extent of data research
- The extent of analysis applied to arrive at opinions or conclusions.

The Scope of Work is supplemented by the [Scope of Assignment, Form 236.18.6.2.2](#), which is a document prepared by individuals other than the appraiser, and setting out the minimum reporting requirements of the appraisal.

8.6.3.1.5 Identification of the Property - The real estate involved in the appraisal can be specified by a property description, address, map reference, copy of a survey or map, property sketch and/or photographs or the similar information. Lengthy property descriptions should not be reiterated within the report, but rather copies of the title report or last deed of record should be reviewed by the appraiser and retained in the appraiser's work file.

8.6.3.1.6 History of the Property - The appraisal report must state the history of the property and cannot merely say, "No transfers" or "none." Indicate all transfers of subject realty for the five years immediately preceding the date of the appraisal. Show the parties to the transactions, dates of transactions, books and pages, instrument numbers and verified sale prices when possible to obtain. If sales of the subject are comparable sales in the report, reference to them will satisfy the requirement of this article. Include details of any current sale agreement, option or listing of the subject property if such information is available to the appraiser in the normal course of business. If the information cannot be determined, the report should state the reasons. If the report states there have been no sale, contract, option, or listing, it must also state how that determination was made.

Good appraisal practice dictates that appraisers consider and analyze recent sales, contracts, options or listings of the property being appraised. If, in the appraiser's opinion, any of the above does not reflect current value of the property, the appraiser must provide reason. The phrase "not an arm's length transaction" is not adequate without explanation.

8.6.3.1.7 Description of Property Before Acquisition

A. Zoning - The applicable code and category of zoning should be stated (for example, R-1 [the code], Single-Family District [the category]). Special zoning provisions or restrictions should be noted, such as minimum lot size or number of developed units allowed. The report should state whether the subject property is in conformance with the zoning code.

If the subject is non-conforming, the highest and best use and value analysis sections of the report must deal with any effect of the non-conformity upon use and value. Probability of zoning change should be addressed in the highest and best use analysis.

- Code
- Category
- Compliance
- None

- B. Land** - Site description should include dimensions, shape, size and frontage as appropriate. Describe the topography, roads or streets and frontages, legal access rights and physical entrances, and all non-structural site improvements including but not limited to paving, curbing, retaining walls, landscaping, lakes or ponds and terracing.

If agricultural land, information on soil types and productivity, percent cleared and timbered, and historic uses such as cropland and pasture land may be appropriate.

Information should be included on encumbrances, recorded or unrecorded, such as deed restrictions, limitation of access, utility easements, flowage or drainage easements, etc. which may affect market value.

Access Before Acquisition:

The report shall discuss the available legal and physical access of the subject property as well as the comparable sales. Legal access represents a deeded or permitted access point to a property. Physical access merely reflects the presence of existing entrances, which may or may not be legal.

Utilities In Use Before Acquisition and Utilities Available Before Acquisition:

Identify what utilities are in use, whether public or private, and what utilities are reasonably available to the property.

- C. Fee Owned Improvements, Fixtures and Personalty** - These items shall be inspected, identified and described in sufficient detail to indicate their uses, quality, condition and location upon the premises. The description of affected improvements shall include such items as significant deferred maintenance, recent renovation and a statement of actual and effective age.

Unaffected improvements shall be inspected to the extent that they can be adequately described. If directed in the Scope of Assignment, the appraiser may estimate the contributory value of unaffected improvements without support.

The appraiser shall identify and value personal property, trade fixtures, or intangible items that are not real property but are impacted by the acquisition and are included in the valuation. When there are items such as appliances, fireplace inserts, equipment, on-premise signs, mobile homes, etc., which could be realty or personalty, the report shall identify them and state whether they are considered personalty or realty. See [EPG 236.18.6.3.1.20D.12 Personalty and Fixtures](#) for instructions on personalty and fixtures.

When appropriate the impact of Title III of the Americans With Disabilities Act of 1990 as outlined in [EPG 236.18.6.3.1.20D Other Appraisal Considerations](#) should be addressed.

- D. Tenant Owned Improvements, Fixtures and Personality** - All buildings, structures or other improvements, except outdoor advertising structures, which are a part of the realty and owned by someone other than the fee holder shall be valued as such items contribute to the fee or valued for removal (salvage), whichever is greater.

The report shall identify the terms of the lease and describe buildings, structures or other improvements owned by someone other than the fee holder, which the tenant has the right or obligation to remove at the expiration of the lease term.

All tenant owned improvements including outdoor advertising structures shall be identified and described as separate assets from that of the fee holder. Follow instructions for describing improvements in EPG 236.18.6.3.1.7C. See [EPG 236.18.6.3.1.20D.12 Personality and Fixtures](#) for instructions on personality and fixtures.

When appropriate the impact of Title III of the Americans With Disabilities Act of 1990 as outlined in [EPG 236.18.6.3.1.20D Other Appraisal Considerations](#), should be addressed.

- E. Other Appraisal Considerations** - Methods and directions for addressing other property elements are set out in [EPG 236.18.6.3.1.20D Other Appraisal Considerations](#).

- 8.6.3.1.8 Highest and Best Use Analysis Before Acquisition** - The appraiser shall analyze the highest and best use before acquisition to the extent commensurate with the appraisal problem. Estimation of market value requires consideration of the highest and best use or uses for which the property is suited. Conclusion of highest and best use of vacant land should be consistent with zoning or evidence shall be included supporting the probability of zoning change. If the subject property is unzoned vacant land, highest and best use should be consistent with surrounding land use and area trends or evidence supporting the different use shall be offered. If the highest and best use is the existing use as improved, reasons supporting this conclusion should be explained. If the highest and best use is different from the current use as improved and particularly if other than allowed by current zoning, this conclusion should be supported by market evidence and analysis showing that this use is financially feasible, physically possible, and that there is a high probability of obtaining the necessary zoning. An unsupported statement of conclusion will not meet the requirement for highest and best use analysis in the Standard Format.

Valuation of Properties with Multiple Highest and Best Uses:

Properties with the potential for multiple highest and best uses may be valued from comparable sales with like potential or as an alternative the appraiser may value each use area by data comparable to each specific use to reach a value conclusion. Should an appraiser pursue the latter method of evaluation three sales comparable to each specific use area must be included and analyzed in the sales comparison approach, appropriate cost and income data for each use area shall be included if these approaches are utilized, and it must be shown that the owner may convey each specific use area without affecting the value of the remaining area(s).

Valuation of Improvements That Do Not Represent the Highest and Best Use of the Property:

If improvements do not represent the highest and best use of the property they may have interim use value, depreciated in place value, salvage value (value of salvage exceeds cost of removal), no value (removal cost equals salvage value) or negative value (removal cost exceeds salvage value). The analysis should be clear as to which valuation premise is being used. Compensation for improvements, like fence, that may not contribute to the fulfillment of the highest and best use may be considered when the property was previously fenced and the owner utilizes the property for livestock confinement.

If a salvage value is included in Paragraph 18 the before value of that improvement must be at least equal to that salvage value.

8.6.3.1.9 Valuation Before Acquisition

- A. Required Approaches:** Appraisers shall as a minimum complete the approach or approaches to value as specified within the body of the appraisal agreement and/or elements of the Scope of Assignment. If the appraiser determines the appraisal problem is more or less complex than reflected in the Scope of Assignment, it is the appraiser's responsibility to communicate the necessity to amend the Scope of Assignment, which may necessitate renegotiation of the agreement.

Each required approach to value, both before and after when applicable, shall be compiled in accordance with accepted appraisal principles and techniques, with appropriate specifications contained in these instructions and in compliance with [23 CFR - Highways](#) and [49 CFR – Transportation](#).

Sales of the subject within the past 5 years and current Agreements of Sale, options and listings of the subject property shall be considered and analyzed. In some cases, sales of the subject over 5 years old may still be relevant.

Sales Data and Other Market Support: Each appraisal report prepared on the Standard Appraisal Format shall contain sufficient documentation, including valuation data and the appraiser's analysis of that data, to support the opinion of value.

Appraisers shall incorporate within the appraisal reports adequate sales and other supporting data to relay the necessary comparative information using Comparable Sale Forms [Nonresidential Sale \(Form 236.18.6.3.5A\)](#) and [Residential Sale \(Form 236.18.6.3.5B\)](#).

The report shall contain a sales map in sufficient detail to allow the reader to drive to each sale.

When a sales comparison approach is applicable, an appraiser must analyze such comparable sales data as are available to indicate a value conclusion.

A comparable sale may be considered as follows:

- a real property transferring on the open market within approximately 5 years of the date of appraisal in which the sale is referenced as a basis for conclusion of value,
- a sold property which is similar and/or suitable for comparison with realty being appraised with regard to land area, shape, location, topography, utilities, improvements when applicable, potential highest and best use(s) and any other sufficiently similar qualities which may enable an informed person to arrive at a reasonable estimate or conclusion of value.
- Pending contracts should be considered but not relied upon.
- Contract for Deed may be used, however, if the contract is not recorded, a copy of the contract must be part of the appraiser's file.

Comparable sale data shall be reported in each applicable portion of Sale Forms [Nonresidential Sale \(Form 236.18.6.3.5A\)](#) or [Residential Sale \(Form 236.18.6.3.5B\)](#).

A minimum of three comparable sales is required as a basis for an evaluation by the sales comparison approach in the Standard Format, unless a different number is authorized in the Scope of Assignment. An arms-length sale of the subject property may be considered a comparable sale provided the transfer occurred within approximately 5 years of the date of appraisal. Adjustments for changes in market conditions and/or improvements may be necessary to align sale price with current value.

Each comparable sale shall be compared with the appraised realty and adjustments implemented for each significant element of difference affecting value. An explanation shall be

offered for each individual adjustment. Differences may be measured by either dollars or percentage. A lump-sum adjustment for more than one difference is not acceptable.

The appraisal report shall contain sufficient sales data or other factual data and analyses of such data as to lend credible support to an opinion of each adjustment or value differential applied to the comparable sale. The only exception to this policy shall apply when such supportive data cannot be abstracted by sales analyses and the appraiser so states. Comments regarding adjustments abstracted from or based upon sale analyses shall include reference to the section or page number of the report where the abstraction is explained. Comments sufficient to explain the appraiser's rationale and reasoning shall be offered for each adjustment which could not be supported by sales, sales analyses or other factual data.

Comparable sales used as a basis for evaluating unimproved land must be either unimproved or all improvements totally and completely depreciated and offering no contributory value at date of sale. The procedure of abstracting estimated contributory value of improvements from selling price to arrive at residual value for unimproved land shall not be considered credible sale evidence or a basis for valuing unimproved realty.

Use of sales that have improvements located on them as vacant land sales, when it has been confirmed that those improvements did not contribute to value, is acceptable provided that during the course of time that the sale is being relied upon, those improvements have not been rehabilitated for renewed use. Once it becomes apparent that an improvement, formerly concluded to have no contributory value, has been put back into productive use, a sale written to the contrary has lost much of its credibility and is not to be used as a comparable for land valuation.

Each sale shall be analyzed to yield a value indication for the subject. These value indications shall be reconciled to a value conclusion by the sales comparison approach. A final conclusion of value differing from the range indicated by the comparable sales must be explained in depth.

Before Value by Sales Comparison Approach:
\$ _____

B. Cost Approach Before Acquisition

When a cost approach is applicable, an appraiser must:

- develop an opinion of site value by an appropriate appraisal method or technique

- analyze such comparable cost data as are available to estimate the cost new and the present worth of the improvements (accrued depreciation).

When utilizing the cost approach the appraiser shall offer a minimum of three unimproved land sales to serve as a basis for evaluating unimproved land, unless a different number is authorized in the Scope of Assignment. Each land sale must meet the criteria as prescribed for comparable sales in [EPG 236.18.6.3.1.9A Sales Comparison Approach Before Acquisition](#). The appraiser shall compare each individual comparable land sale with the subject property. Adjustments to each comparable sale shall be in accordance with specifications set forth in EPG 236.18.6.3.1.9A Sales Comparison Approach Before Acquisition.

Improvement Costs: All elements recited in the cost approach must be substantiated by reference to specific sections of acceptable cost manuals, contractor's estimates, manufacturer's or dealer's cost data or by other appropriate sources. The appraiser may determine the value of nominal or unique elements in the cost approach with the best available method, with the requirement for support relative to the value conclusion.

The use of either replacement or reproduction cost is acceptable if the following two definitions are properly applied:

Replacement cost is the estimated cost to construct at current prices a building with utility equivalent to the building being appraised, using modern materials and current standards, design and layout.

Reproduction cost is the estimated cost to construct at current prices an exact duplicate or replica of the building being appraised using the same materials, construction standards, design, layout and quality of workmanship, and embodying all of its deficiencies, super adequacies and obsolescence.

Depreciation of Improvements: When completing the cost approach, the appraiser shall determine from market data or by the age/life method the applicable rate of depreciation for residential units, commercial buildings and other principal capital improvements. Improvements of a minor nature may be depreciated based on observed condition. Depreciation rates for mechanical appurtenances and/or trade fixtures may be estimated from age/life data furnished by the manufacturer or supplier, or from accepted cost manuals.

Before Value by Cost Approach: \$ _____

- C. Income Approach Before Acquisition:** When an income approach is applicable, an appraiser must:

- analyze such comparable rental data as are available and/or the potential earnings capacity of the property to estimate the gross income potential of the property;
- analyze such comparable operating expense data as are available to estimate the operating expenses of the property;
- analyze such comparable data as are available to estimate rates of capitalization and/or rates of discount; and
- base projections of future rent and/or income potential and expenses on reasonably clear and appropriate evidence.

The appraiser shall, when implementing an income approach to value, develop an overall capitalization rate from sales of comparable realty investments, band of investment or other accepted method. Discounting to present value of some income streams may be an acceptable technique. The appraiser shall also offer evidence supporting income and expense estimates.

Before Value by Income Approach: \$ _____

8.6.3.1.10 Reconciliation of Value Before Acquisition - If more than one approach to value is used, the appraiser shall correlate the resultant value estimates and explain the rationale for deciding which approach and data provide the best support for the conclusion of value before acquisition.

Total Value Before Acquisition: \$ _____

8.6.3.1.11 Description of Property After Acquisition - The appraiser shall describe the remaining realty to the extent necessary to provide a word picture of the after condition. If the remainder is substantially changed from the before condition the appraiser shall describe the remainder as if the before condition never existed. Partial acquisitions of a minor nature may best be described by discussing changes caused by the acquisition rather than repeating the contents of [EPG 236.18.6.3.1.7 Description of Property Before Acquisition](#).

- Impact on Zoning: Describe impact on zoning.

Access After Acquisition:

The report shall discuss the available legal and physical access of the subject property as well as the comparable sales. The report must address if the legally provided access points are comparable to the physical access available to the property before the acquisition in regard to topography, timber, etc. See [EPG 236.18.6.3.6](#) for applicable laws and definitions regarding access.

Impact on Utilities:

A statement is required regarding the impact, if any, on all public and private utility services which the property has in use or available in the before condition. Special considerations apply when it is necessary to adjust the property owner's service lines located on existing right of way. The [cost to move and reconnect service lines that lie within the existing right of way](#) is not compensable to the owner if such reconnection is included in the construction contract.

Utilities In Use After Acquisition:**Utilities Available After Acquisition:****Other Appraisal Considerations:**

Methods and directions for addressing other property elements are set out in [EPG 236.18.6.3.1.20D Other Appraisal Considerations](#).

8.6.3.1.12 Highest and Best Use Analysis After Acquisition - The report may indicate that the highest and best use of the remaining realty is unchanged if a brief explanation is required. Should the acquisition cause a change in highest and best use or uses, the appraiser shall analyze the new highest and best use in depth commensurate with the appraisal problem. The change caused by the property acquisition may make it necessary for the appraiser to utilize new comparable data. [Special Benefits](#) reflected in a report must be supported by written concurrence from the agency's counsel and addressed in the Scope of Work of the report if special benefits are recognized subsequent to the initial Scope of Assignment.

8.6.3.1.13 Valuation After Acquisition - The analyses and valuation sections relating to the remainder property constitute a new appraisal. In cases of an insignificant acquisition, the remainder may be so similar to the whole property before the acquisition that the same highest and best use analysis and the same cost, market, and income data and analysis will remain applicable and can therefore be referenced and employed in analyzing and valuing the remainder property. However, a change in the basic physical or economic character of the remainder may result in a change in the remainder's highest and best use or the intensity of that use and may result in damages or benefits to the remainder property which will require different market data and/ or analysis than that which was used in the whole property valuation.

Follow instruction as shown in [EPG 236.18.6.3.1.9 Valuation Before Acquisition](#) as well as [EPG 236.18.6.3.1.20D Other Appraisal Considerations](#).

A. Sales Comparison Approach After Acquisition

Follow Instructions as shown in [EPG 236.18.6.3.1.9A Sales Comparison Approach Before Acquisition](#).

After Value by Sales Comparison Approach: \$ _____

B. Cost Approach After Acquisition

Follow Instructions as shown in [EPG 236.18.6.3.1.9B Cost Approach Before Acquisition](#).

After Value by Cost Approach: \$ _____

C. Income Approach After Acquisition

Follow Instructions as shown in [EPG 236.18.6.3.1.9C Income Approach Before Acquisition](#).

After Value by Income Approach: \$ _____

8.6.3.1.14 Reconciliation of Value After Acquisition - If more than one approach to value is used, the appraiser shall correlate the resultant value estimates and explain the rationale for deciding which approach and data provide the best support for the conclusion of estimated value after acquisition.

Total Value After Acquisition: \$ _____

8.6.3.1.15 Estimate of Total Just Compensation -Total Just Compensation is computed by subtracting the estimated value after the acquisition from the estimated value before the acquisition.

Estimated Value Before Acquisition \$ _____

Estimated Value After Acquisition \$ _____

Indicated Just Compensation Due to Acquisition \$ _____

8.6.3.1.16 Allocation of Just Compensation - The appraiser shall offer an opinion of reasonable allocation of the estimate of just compensation between realty acquired and damages to the remainder for the interests of both fee holders and tenants who own improvements, fixtures or personalty included in the value.

A. Allocation of the Fee Holder's Interest:

1. Land Acquired: \$ _____

Report the calculated value of the land acquired.

2. Improvements, Fixtures and Personalty:

\$ _____

3. Total Land and Improvements, Fixtures and Personalty:

\$ _____

4. Damages to the Remainder: \$ _____

Damages to the remainder including permanent and temporary easements shall be identified and individually valued, and their values combined to a total. Losses caused by temporary borrow pits must be set apart from other damages. Fencing required as a cost to cure due to road realignment, temporary fencing etc. shall be included as a damage to the remainder. See additional discussion on Damages in [EPG 236.18.6.3.1.20D Other Appraisal Considerations](#).

5. Total Just Compensation Due Fee Holder:
\$ _____

B. Allocation of the Tenant Owner's Interest:

1. Tenant Owned Improvements, Fixtures and Personalty:

_____ \$ _____
_____ \$ _____

Identify each tenant owned improvement within the new acquisition and/or easement area and estimate its value. Use the greater of its contributory value or value for removal (salvage value).

2. Damage to Tenant Owned Improvements, Fixtures and Personalty:

_____ \$ _____
_____ \$ _____

Identify and show a value loss, if any, for each damaged tenant owned improvement lying outside the acquired area.

3. Leasehold Interest: \$ _____

Calculate value of leasehold interest, if any, should the lease be affected by the acquisition.

4. Total Just Compensation Due Tenant Owner:

\$ _____

8.6.3.1.17 Uneconomic Remnant - "The term uneconomic remnant means a parcel of real property in which the owner is left with an interest after a partial acquisition of the owner's property, and which the acquiring agency has determined has little or no value or utility to the owner." (Refer to [49 CFR Section 24.2 \(27\)](#) and [EPG 236.18.12 Property Management](#). When the appraiser is of the opinion that an uneconomic remnant does not exist, enter the word "none" in this paragraph. When the appraiser is of the opinion that an uneconomic remnant has been created by the acquisition, an explanation is required. The appraiser shall describe elements that contribute to a parcel having some characteristics of an uneconomic remnant, yet conclude that the parcel is not an uneconomic remnant. A separate area and value should be shown for multiple uneconomic remnant areas.

Area _____ @ \$ _____ = \$ _____

8.6.3.1.18 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 (i.e., not eligible for relocation assistance). This includes items for re-use as well as items with components that can be reused or recycled when there is no reasonable prospect for sale except on this basis."

Each acquired improvement enumerated above shall be additionally identified under salvage and a salvage value determined or zero indicated. Salvage values should not be assigned to very low value items such as farm fencing. If an improvement has salvage value, the before value of such improvement must be at least equal to the salvage value.

Allocate salvage values between fee and tenant improvements, fixtures and personalty.

Improvement _____ Salvage Value \$ _____
 Improvement _____ Salvage Value \$ _____
 Total Salvage Value \$ _____

8.6.3.1.19 Required Attachments - Assumptions and Limiting Conditions: The appraiser shall use the standard [Assumptions and Limiting Conditions Form 236.18.6.3.1A](#). If additional contingencies or limiting conditions apply, they shall be stated here. Unauthorized hypothetical conditions, assumptions, or limiting conditions may result in disapproval of the appraisal report.

Certificate of Appraiser: A properly completed and signed copy of [Certificate of Appraiser Form 236.18.6.3.1B](#) shall be attached to the appraisal report.

Site Plan: The appraiser must provide a site plan showing all property boundaries and the location of major and affected improvements. An annotated copy of an assessor's aerial map, a survey, an aerial photo, a cut of the highway plan can meet this requirement if it shows the whole property and all improvements, or a drawing. If other than the plan cut is used to meet this requirement the site plan should show the proposed boundary line and easements, and the areas of the acquisition and remainder. Greater detail and a higher degree of accuracy is required on small parcels or where improvements are very near and possibly affected by the acquisition than on large parcels where improvements may be important to the value estimate but are not affected by the acquisition.

Photographs: The appraiser shall attach identified color photographs of the appraised property showing all improvements and features affecting the value. Photographs should show details important to the valuation of major and/or affected improvements. Photographs should also show the area of acquisitions including easement areas and their relationships to affected improvements.

Floor Plans of Acquired Residential Units And Structures with Internal Walls: A floor plan drawing is required when:

- a residential unit is acquired, to aid in the determination of relocation requirements and benefits.

Demolition will be required on structures with interior walls.

Comparable Sale Map: The report shall contain a sales map in sufficient detail to allow the reader to drive to each sale.

Sale Data Forms: Data books may be utilized in each appraiser's practice but shall not be submitted to division or referenced in reports. Each appraisal report prepared on the Standard Appraisal Format shall contain sufficient documentation, including valuation data and the appraiser's analysis of that data, to support the opinion of value.

Appraisers shall incorporate within the appraisal reports adequate sales and other supporting data to relay the necessary comparative information. Sale data sheets, [Nonresidential Sale \(Form 236.18.6.3.5A\)](#) and [Residential Sale \(Form 236.18.6.3.5B\)](#) utilized in the valuation shall be attached to each report. The entirety of information obtained on each sale transaction may exceed the need for each individual report, like income data, etc. Individuals may develop abbreviated sale data sheets that contain only the

information necessary for comparison to the subject valuation, with other data retained in the appraiser's work file.

8.6.3.1.20 Optional Attachments:

Cover letters

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Appraiser Qualifications

Engagement Letter or Notice to Proceed

Legal Instructions, if any shall be retained in the appraiser's work file and not attached to valuation reports.

- A. Assumptions and Limiting Conditions:** [Assumptions and Limiting Conditions, Form 236.18.6.3.1A](#), shall be attached to each Standard Format and Value Finding appraisal, and other valuations where it is deemed appropriate.
- B. Certificate of Appraiser:** [Certificate of Appraiser, Form 236.18.6.3.1B](#), shall be attached to each Standard Format and Value Finding appraisal and other valuations where it is deemed appropriate. The Certificate of Appraiser is not used on Waiver Valuations.
- C. Tenant Summary:** [Summary Value of Tenant Interests, Form 236.18.6.3.1C](#), shall be prepared and provided to tenant owners of improvements and interests affected by an acquisition. Form 236.18.6.3.1.C is a summary of tenant information and valuations included in the valuation of the parent property, but are NOT to be attached to the appraisal or valuation documents provided to the fee owner.
- D. Other Appraisal Considerations:** The following elements shall be considered and addressed in the appropriate paragraphs of all valuations.
 - 1. Americans With Disabilities Act of 1990** - The intent of this section for the appraiser is to emphasize the importance of the impact of the ADA on real estate valuation. Appraisers must be aware of differences in apparently comparable improved properties due to ADA. It is not intended that appraisers unduly seek out ADA deficiencies in affected and acquired improvements.

The appraiser should be aware of the requirements of Title III of the Americans With Disabilities Act of 1990 and consider its effect on the value of the appraised property. The Act applies to any public accommodation, commercial facility, or private entity that offers examinations or courses related to applications, licensing, certification or

credentialing for secondary or post-secondary education, professional or trade purposes. When a public accommodation is located in a private residence that part used for public accommodation is covered by this act, including those elements used to enter the place of public accommodation.

The Act requires removal of architectural barriers and communication barriers that are structural in nature in existing facilities, where such removal is readily achievable, i.e., easily accomplished and able to be carried out without much difficulty or expense. Whether a measure is readily achievable is determined on a case-by-case basis, however, the obligation to remove barriers is a continuing one. What was not readily achievable in the past may become achievable in the future and the Act envisions a gradual removal of barriers and suggests priorities for their removal.

All new improvements after January 26, 1993 must be designed and constructed to be readily accessible and usable by individuals with disabilities. Alterations to existing facilities after January 26, 1993 must to the maximum extent feasible ensure that the altered portions of the facility are readily accessible. When undertaking a cost to cure as part of the damages caused by a property acquisition, the appraiser will have to consider how the acquisition affects accessibility as well as whether the improvement was or should have been in compliance prior to the acquisition.

Subject property shall be inspected on the date of valuation for its compliance or non-compliance with ADA regulations. All comparable sales used in the valuation process should be analyzed as to their compliance or non-compliance to ADA regulations as of the date of sale. If subject property is currently in non-compliance with ADA regulations the appraiser should use similar comparable sales, which are in non-compliance for comparison purposes. It shall be the appraiser's responsibility to estimate the current market value of subject property as it now exists taking into consideration all of its compliance or non-compliance of ADA regulations and making adjustments for either situation. Curing damage to the remainder could trigger requirements of ADA. This must be considered in any after value analysis.

- 2. Billboard Valuation** - For further information on the acquisition of billboards, see [EPG 236.16.9 Sign Structures/Junkyards Affected by Highway Projects](#). The following definitions are for valuation purposes and are

linked to locations where others define the subject for different purposes.

E. Definitions:

Billboard: An outdoor advertising structure that is described within the outdoor advertising industry as a flat surface (panel, wall, or fence, etc) on which bills are posted. Specifically, a large panel designed to carry outdoor advertising intended or used to advertise or inform of activities conducted away from the premises or services and/or products provided somewhere other than the premises where the structure is located. It advertises an establishment, merchandise, service or entertainment that is not sold, produced, manufactured or furnished at the property on which it is located.

Billboards along with their supporting structures are considered realty. Billboards should not be confused in the appraisal process with on-premise signs.

Although billboards are the dominant form of outdoor advertising, other forms such as an outdoor sign, display, device, figure, painting, drawing, message, plaque, or poster may also be considered as outdoor advertising. The valuation of these other forms of outdoor advertising should follow the procedures stated herein.

For purposes of valuation, the terms billboard and outdoor advertising structure are used interchangeably. Outdoor advertising is defined at [226.510 RSMo](#).

On-premise Sign: An on-premise sign advertises activities, services and/or products offered by the establishment on the premises that it is located. On-premise signs may be realty or personalty. On-premise sign is defined at [7-CSR 10-6.015\(25\)](#).

Status of Billboard Structures: The status of billboard structures is conforming, conforming out of standard, nonconforming or illegal. **Conforming Billboard Structures** comply with all current billboard regulations. **Conforming Out of Standard** is defined at [7 CSR 10-6](#). **Nonconforming Billboard Structures** do not comply with all current billboard regulations, but did comply at one time, have a permit, and may remain in place until destroyed. Nonconforming is defined at [7 CSR 10-6.015\(24\)](#). **Illegal Billboards Structures** may have a permit, but are damaged, do not comply with current statutes, or have other legal limitations.

Status of Billboard Sites: The status of improved billboard sites is either legal or illegal. The status of a permitted but unimproved site will always be legal. **Legal Billboard Site** is a location on a property that has attained the legal status for construction of a billboard, including the presence of a qualifying commercial enterprise and spacing from other permitted locations. For MoDOT acquisitions, the Outdoor Advertising Specialist can identify current status and spacing requirements. If zoned, the zoning must accommodate billboards. **Illegal Billboard Site** will generally be associated with a structure that has been erected without a permit, or in conflict with a permit regarding location or other issues.

Eliminated Billboard Site: If an improved billboard site is within the proposed acquisition area, or otherwise impacted by a project, the site shall be considered eliminated if there is inadequate remaining size, if the qualifying commercial enterprise has been eliminated, adequate spacing is not available, local requirements, or other reasons identified by the appraiser. Limitation of access may impact legal billboard sites.

- F. Property Description:** The description of billboards shall include size, structural components, lighting, condition, maintenance, recent renovation and a statement of actual and effective age. All tenant owned billboards shall be identified and described as separate assets from that of the fee holder. Regardless of impact by the acquisition, billboard structures shall be inspected to the extent that they can be adequately described and that valuation may be accomplished if acquired, or a contributory value may be estimated if unaffected by the acquisition.

For valuation purposes, the size of a billboard site may not need to be identified, as long as the billboard use does not diminish other uses on the land, or other uses on the land do not diminish the additional contributory value as a billboard site or structure.

The billboard site and each component of the outdoor advertising structure may be under different ownerships. The status of each billboard site and structure, affected by the acquisition, must be reported in the appraisal. (A legal site may contain an illegal structure, etc.) Fee and staff appraisers shall secure information on status of billboards and administrative hearings.

- G. Compensation:** Compensation shall be paid for legal sites, conforming structures and non-conforming structures eliminated by an acquisition.

If a billboard structure or site that is illegal or scheduled for administrative hearing is encountered in the acquisition, consult the agency's counsel to determine if compensation must be included or omitted in the valuation, and state the findings and conclusion in the report.

If after the acquisition of an improved billboard site, the remaining spacing is such that one cannot identify which of two or more tracts might be able to obtain a permit for a replacement site, valuations must include compensation for improved sites that are eliminated but may be replaceable, and not speculate on which of several owners might achieve the permit.

- H. Valuation:** Federal regulations require that all applicable, relevant and reliable approaches to value be considered in valuing billboards. Therefore, as in the valuation of all property types, all relevant approaches to value are to be considered and included in the report, when practicable. The appraiser may estimate the value of billboards and their sites by the most relevant and reliable approach, and include the result in the total overall value. The appraisal must state why any approach is not used.

The valuation of billboard sites that are part of a larger ownership, may utilize market information from comparable sales of sites or capitalization of rents of comparable sites. This site value conclusion may then be added to or included in the concluded realty value of the overall ownership.

A special larger parcel valuation situation may arise if the landowner owns the billboard and also advertises the billboard owner's business, service or product, which is provided at other premises.

- I. Sales Comparison Approach:** A Sales Comparison Approach may be developed using comparable sales of improved billboard sites, improved with structures similar to the subject's structure. Elements of comparison might include traffic count, height, lighting, proximity to towns or commercial development, direction of travel, visibility, etc.
- J. Income Approach:** In all ownership combinations, the income derived from the rent received for the land and structure is to be considered in developing an income approach to determine the contributory value of the billboard and supporting land. Income from the sale of advertising displays posted on

billboards shall not be considered as income imputable to the realty.

Comparable rental data can be developed with information from landowners who rent their structure to a second party who places advertising on the structure. Capitalization rates must be supported. Use of the band of investment method of developing a capitalization rate is acceptable.

In valuing billboard sites, the appraiser shall determine potential economic rent for the subject site. Such rent shall be estimated by comparing the subject site to comparable leased premises. Potential economic rent shall be capitalized at an appropriate rate to determine the current estimated value of the sign site. The appraiser shall explain or support the overall capitalization rate used. Legal status and remaining functional life of the site may impact the selection of the capitalization rate.

- K. Cost Approach:** The appraiser shall estimate the value of billboards and their sites by the cost less depreciation method and include the result in the total overall value. The Cost Approach shall always be developed, regardless if other approaches are also used. Costs for the structures shall be compiled by the unit in place method, quantity survey method or contractor estimate with depreciation measured by the most appropriate means available. Cost sources are to be supported as defined in [EPG 236.18.6.3.1.9B Cost Approach Before Acquisition](#).

The district is encouraged to contract for cost estimates of replacement or reproduction cost with local sources. It is the appraiser's responsibility to apply estimated depreciation to such estimates to the extent indicated by its current physical condition.

- L. Reconciliation:** The basis for the appraiser's reconciliation of the approaches to a final value estimate should be based on their consideration of the relative strengths and weaknesses of each approach utilized.
- M. Distribution of Fee Holder and Tenant Interest:** The appraisal report shall identify the site's annual contract rent, remaining term of the lease, and any other provisions pertinent to the income to be received by the landowner. In those cases where the tenant has a lease and the contract rent is less than the economic rent for the sign site, the appraiser shall compute present value of the difference for the remaining lease term. This amount is the leasehold interest. This amount will be subtracted from the landowner's value of the sign site. The amount shall then be added to the tenant's interest.

N. Salvage Value: The appraiser shall determine a salvage value. Salvage value is the probable sale price of an item if offered for sale to knowledgeable buyers, including the previous structure owner, with the requirement that it be removed from the property at a buyer's expense (i.e. not eligible for relocation assistance). This includes items for re-use as well as items with components that can be reused or recycled when there is no reasonable prospect for sale except on this basis. Assignment of a salvage value for billboard structures should specifically address the previous owner's ability to utilize or move the salvaged item.

If the appraiser determines that Legal Billboard Sites are readily available, it is acceptable to estimate the salvage value as the value in place at a potential replacement site minus the cost to relocate the sign to a replacement site.

O. Billboard Valuation Guide: The following material is provided as a guide suggests the minimum items of consideration in valuing a billboard and billboard site, which must be incorporated into an appraisal format, in the appropriate sections. Use [Comparable Lease \(Form 236.18.6.3.5C\)](#) for reporting all types of leases.

Structure Owner
Site Owner
Status of the Structure
Status of the Site
Permit number and other material from the Outdoor Advertising Permit Specialist.

Lease Terms: If the lease is not of public record, the appraiser should attempt to secure a copy from the parties. In the event a written lease is nonexistent or unavailable, the appraiser shall make personal inquiry of the parties in an effort to learn of terms and conditions. Data secured from such inquiry shall be entered on the Comparable Lease, Form 236.18.6.3.5C.

Property Description
Valuation
Distribution of Landowner and Structure Owner Interests
Estimated Value to the Landowner
Estimated Value of Billboard Site
Less Leasehold Interest, if any
Landowner Interest in the Site
Estimated Value to the Structure Owner
Estimated Value of Structure
Add Value of Leasehold Interest, if any
Structure Owner Interest
Salvage Value

- P. Borrow Easements, Waste Easements or Haul Roads:** A valuation for an easement for a borrow area or haul road must provide a word picture which would adequately explain what damages will be associated with these easement areas. The description should include the appraiser's understanding of what the site will look like, how much material will have been removed or deposited, what the possible damages to the remainder will be, whether or not the affected area will pond, whether the topsoil will be stockpiled and replaced and whether the area will be seeded and mulched.

If the acquisition involves a borrow easement or haul road, adjustments must be adequately explained.

- Q. Damages:** Damages as such are not appraised. However, the appraiser shall explain any damages to the remainder property and allocate the difference in the value of the property before and after the acquisition between the value of the acquisition and damages to the remainder. If damages are measured by a cost to cure, the appraiser must justify the cost to cure and demonstrate that the cost to cure is less than the damage would be if the cure were not undertaken.

Rationale for conclusion of damage to remainder due to easements or other damage shall be explained. Losses to remainder value may result from limitation of direct access, proximity of proposed boundary line to improvements, severance, reduction in size of remainder, configuration of remainder, change in grade, and other effects of acquisition.

- 1. Non-compensable Damages:** It is an established principle of law that certain damages, which may occur by reason of a government acquisition of land, are not compensable and, therefore, must be disregarded by appraisers when estimating market value for such acquisitions. Losses of business and relocation expenses have been determined to be non-compensable. Other non-compensable damages include: damage to business, loss of or damage to goodwill, future loss of profits, expenses of moving removable fixtures and personal property, depreciation in value of furniture and removable equipment, frustration of plans, frustration of contractual expectations, loss of customers, and the expense of having to readjust manufacturing operations.

- R. Easements:** An easement can generally be described as an interest in land of another entitling the owner of that interest to a limited use of the land in which it exists, or a right to preclude specified uses in the easement area by others. An easement is an interest less than the fee estate, with the landowner retaining full dominion over the realty subject only to the easement; the landowner may make any use of the realty that

does not interfere with the easement holder's reasonable use of the easement and is not specifically excluded by the terms of the easement.

1. **Temporary Easements:** The appropriate measure of value for the acquisition of a temporary easement is the rental value for the term of the temporary easement, adjusted as may be appropriate for the rights of use, if any, reserved to the owner. Damages that result from temporary construction easements are usually based on the economic or market rent of the affected area for the term of the temporary easement. Usually, the land area affected is so small and the term of the temporary easement so short that compensation for the temporary construction easements is nominal. As a result, many agencies and appraisers have adopted a *shortcut* for its estimation. A reasonable return rate, rather than the economic or market rent based on comparable rentals, is estimated and applied to the encumbered land's fee value for the term of the temporary easement. The rent loss or appropriate return is often not converted to a present value through the application of a discount rate because of the short term of the temporary easement and the nominal nature of the indicated rent loss.

Even though technically incorrect this short cut is generally acceptable because of the nominal nature of the temporary construction easements acquisition and the cost and time savings associated with the short cut. However, appraisers must recognize that the short cut methodology will be found unacceptable if the indicated compensation is more than nominal.

In estimating and approving just compensation for temporary easements, the appraiser/reviewer must consider the impact on the use of the area of the property in the temporary easement and the impact of the temporary easement on the remainder.

Impacts within the temporary easement area can have impact for the duration of the occupancy/use by the contractor, the duration of the anticipated construction time of the project, or the duration of the encumbrance of the temporary easement on the property.

Temporary easements that impact only during the contractor occupation include driveway reconnection easements, construction of curbs, removal of items, etc. Although a contractor may be on a temporary easement area during different times, (Example: removal, grading, sub-grade, and paving) the appraisal may consider merely the total of time the area is disturbed for construction, when making the calculation for compensation. Unless

otherwise indicated, the appraiser is to assume that owners/customers are provided reasonable access to property during construction.

Temporary easements that impact during the duration of the anticipated construction for the project include temporary bypasses, slope cuts, (slope fills require permanent easement) borrow easements, work and turn areas on parking lots, construction of retaining walls, etc. Temporary easements that impact for the duration of the temporary easement encumbrance include large temporary easements on vacant land with development potential, temporary easements that occupy large areas or large proportions of front yards, borrow or waste easements, or any application of easement that might impact market value or the marketability of the property. The duration of the project may include time beginning at the anticipated acquisition, and time until anticipated letting, construction time until anticipated acceptance of the project, which would release the rights in the temporary easement area. Temporary easements that may result in damage to remainder outside the actual temporary easement area include temporary loss of access or use of part or all of the property, undesirable borrow areas, etc. The agency accepts compensation for temporary easements at 10% of fee value per year, applied to one of the durations discussed above. Appraisal reports must include explanation of the duration used and why that duration was utilized. Different durations may apply to different temporary easement areas on an individual property. Use of other percentages requires analysis and explanation.

2. **Third Party Appurtenant Easements:** This section applies to the proper measure of value for a third party appurtenant easement that is acquired or extinguished as an incident of an acquisition of the servient estate (fee acquisition of property through which an easement of access connects a third party's parcel to the highway). The third-party easement owner has a separate estate that must be separately appraised. In such cases, the easement owner is not limited to the value of the easement acquired, but is entitled to the value diminution of the property served by the easement. Accordingly, two appraisal assignments are required; a before and after appraisal of the easement interest and the property it serves (the before appraisal including the easement interest and the land it serves and the after appraisal excluding those interests acquired.) and a second appraisal assignment covering the land being acquired, as encumbered by the easement. This second appraisal would also require a before and after appraisal if only a portion of this larger parcel is to be acquired.

- S. Costs to Cure:** Cost to cure items may include wells and water systems, septic or sewer systems, waterways, terraces, fencing for boundary lines along relocated highways, etc. Costs for such items shall be based on contractor estimates or other appropriate cost sources.

The estimated cost to move a building improvement shall not be used as a measure of consequential damage in the Value Finding format, unless authorized in the Scope of Assignment.

- T. Dedication Requirement:** When performing appraisals within corporate limits or in zoned areas, the appraiser must research the zoning ordinances, and/or subdivision regulations, to reveal if properties subject to acquisition could be required to make a dedication of land in exchange for zoning change or development plans, to achieve the highest and best uses that are anticipated to be suggested in appraisal reports. If such ordinances and/or regulations are discovered, their impact must be addressed and reflected in valuations.

Indications of dedication in existing ordinances, plats, deeds or other conveyances must contain the proper language to effect a proper dedication. The wording “reserved for future highway” will not rise to the level of a lawful dedication. The wording “dedicated to the agency for public use forever” or like wording must be used. Consult your agency counsel regarding the effectiveness of any particular wording.

- U. Environmental Considerations:** The appraiser is responsible for reporting any observed or suspected indications of contamination by hazardous materials or waste and the presence of other environmental considerations such as wetlands.

- 1. Hazardous Materials or Waste:** It is not the intention of this instruction to give comprehensive procedures for inspecting properties for contamination, but to offer appraisers some guidance.

The scope of assignment must suggest the appropriate level of data and analysis regarding hazardous materials or waste to be conducted by the appraiser.

For valuation of known contaminated properties, appraisers will typically be asked to value a property as if clean, from clean sales, as a special hypothetical condition. Clean up costs, if known, may be handled administratively or by the appraiser. Clean-up costs that may have been future or speculative to the owner may be immediately imposed by the project and therefore wholly or partially compensable, depending on the circumstance.

Because of the serious impact of contamination by hazardous materials or waste, it often affects major decisions by the agency's planning, right of way and design groups. In many cases this problem has been identified before the property acquisition phase of a project. If, prior to completion of the appraisal assignment, an environmental assessment and cleanup cost estimate have been done on a contaminated subject property the effect, if any, of cleanup cost on the value of the property must be considered in the appraisal.

There will be instances in which contamination has not been detected by the time an inspection for appraisal is made. In the absence of specific instructions, appraisers are not required to do, or to cause to have done, environmental assessments of subject properties, and it is expected that a disclaimer stating the appraisers' lack of expertise in this field will be included in the appraisal report. However, the appraiser is responsible for observing and reporting obvious indications of potential contamination.

If contamination is suspected, appraisers should photograph the suspect area include in the descriptive sections of their reports the circumstances or features that they feel indicate potential problems and clearly state that the possibility of contamination exists. They should include statements to the effect that "the value conclusion assumes that the property is not contaminated and if it is later found to be, the value estimate could change."

The current use or historic uses of a property can be strong indicators of possible contamination. Some examples of uses that should alert the appraiser include: Vehicle repair, maintenance or salvage; Electroplating and/or metal fabricating; Chemical manufacture, storage or sales; Petroleum related storage, transportation or sales; Trucking; Manufacture, storage and/or sales of agricultural chemicals. Site and improvement characteristics to look for include: Tanks, pits, lagoons, ditches, pipes, piles, containers, etc.; Containment structures such as a berm or dike; Wastewater treatment facilities; Recent unexplained ground disturbance; Color variation in soils or barren soil; Water with surface staining or sheen; Dead or dying vegetation. Potential asbestos containing materials include: Sprayed-on fireproofing; Pipe wrap; Friable tape; Acoustical plaster; Shingles; Floor tile. Other possible indications of hazardous materials or waste: Odors, Peeling paint, Urea-formaldehyde foam insulation

These features or characteristics do not necessarily indicate contamination but should alert appraisers to the possibility.

Once alerted, appraisers should include questions about the historic use of the property in interviews with owners, operators, city officials, real estate practitioners and others as they proceed with normal data research, and include their findings in their appraisal reports.

- 2. Wetlands:** The U.S. Army Corps of Engineers and the Environmental Protection Agency define wetlands as follows: "A wetland is a type of water of the United States subject to Section 404 of the Clean Water Act. Other such waters include lakes, ponds, streams (including intermittent streams), rivers, creeks, springs, territorial seas, other tidal waters, and other bodies of open water. The term wetlands means those areas that are inundated or saturated by surface or ground water at a frequency and duration sufficient to support and that, under normal circumstances, do support a prevalence of vegetation typically adapted for life in saturated soil conditions. Wetlands generally include swamps, marshes, bogs and similar areas. Also, wetlands are generally distinguished from other waters of the United States in that they normally support vegetation." The U.S. Department of Interior, Fish and Wildlife Service defines wetlands as "Land where water is the dominant factor determining the nature of soil development and the types of plant and animal communities living in the soil or on its surface."

At this time there is no comprehensive mapping or inventory of existing wetlands. The U.S. Soil Conservation Service can provide soil classification maps that note hydric soils (potential wetlands) and the Fish and Wildlife Service has National Wetland Inventory maps which also delineate potential wetlands but do not make a final determination. Three basic characteristics are considered in making a determination if an area is wetland: 1) hydrology, 2) vegetation, and 3) soil. If an area is in a flood plain or otherwise has low spots in which water stands at or above the soil surface for more than seven consecutive days during the growing season and/or has plant communities that commonly occur in areas having standing water for part of the growing season (gum swamps, cordgrass, marshes, cattail marshes, bulrush and tule marshes, and sphagnum bogs) and/or has soils that are called peats or mucks there is a high probability that it is wetland, a determination of which must be reached by a more detailed investigation of soils and plant life.

When agency appraisers are dealing with wetland in an acquisition the wetland area will have been defined by the Design Division. The appraiser's challenge is to find comparable sales that are also wetland. Because of the

detailed investigation by specialists required to determine the presence of wetland as defined, and because this investigation is normally only done when construction or development is planned, the appraiser will not normally know whether a sale has wetland. The appraiser can, however, determine if some of the wetland-indicating conditions as stated above are present. If some or all of these conditions are present in a rural or low-density developed area it is likely that valid comparisons can be made between the subject and the comparable sales based upon the utility of the land. If the subject and sales are in an area where the highest and best uses are for development then the determination of wetland classification may be critical to the valuation process. A sale, for example, which is marshy land but not classified as wetland, may be developable at typical cost by filling while a similar tract, which is classified as wetland may not be developable or may be only at significantly increased cost due to requirements of Section 404 of the Clean Water Act.

- V. Permanent Fence:** Fence should be described in sufficient detail to allow an estimate of its contributory value and/or to allow development of a cost estimate for replacement. The fencing cost estimate may be supported by a contractor's estimate or fencing cost schedule. Appraisers are encouraged to seek contractor's estimates, especially on larger and complex fence situations.

The appraisal should include compensation for replacement of all fencing, by like kind at actual new cost, along the proposed boundary line, which is necessary for the subject property to attain its highest and best use or contributes to that use.

Compensation for fence that may not contribute to the fulfillment of the highest and best use may be considered. Fence may have interim use value, depreciated in place value, salvage value (value of salvage exceeds cost of removal), no value (removal cost equals salvage value) or negative value (removal cost exceeds salvage value). The analysis should be clear as to which valuation premise is being used.

Fence that is acquired as a result of widening should be considered as an improvement acquired and may be valued at its contributory value or replacement cost depending on whether it must be replaced. A requirement for fence where there was none before, due to a realignment or other reason, should be considered consequential damage and valued by the cost to cure.

The appraisal shall include compensation for appropriate costs of fencing the boundary line in all areas where the ownership

was previously fenced, even if plans indicate the contractor will fence the boundary line. Appraiser shall include all normal costs as if the contractor was not fencing. This provision applies to permanent fence and temporary fence; as well as borrows and haul roads if the agency will acquire the borrow area.

- 1. Temporary Fence:** Temporary fencing of easements should be included as cost to cure. Estimated costs of temporary fencing should be consistent with its temporary nature. Temporary fencing of easements not provided by the contractor should be included as cost to cure. Estimated costs of temporary fencing should be consistent with its temporary nature.

Temporary fencing of easements is required when livestock containment is an issue, even if the plans indicate the contractor will provide such fence. For reasons of highway safety and potential liability claims, compensation should provide temporary fence in like kind to the existing fence, up to and including woven wire. The value of board or decorative fence would be compensated for in like kind for the permanent fence, but would not be appropriate compensation measure for temporary fence.

- W. Historic and Archaeological Considerations:** Normally, properties with historic or archaeological significance will have been identified in the project design phase. If in the course of inspection or research the appraiser becomes aware of new facts indicating that a subject may be a historically or archaeologically significant site these facts should be reported to the District Right of Way Manager for communication to other divisions with responsibility for dealing with them. Archaeological sites will likely be explored and artifacts removed before any effects by the project, and will normally not be considered in any appraisal of the property. Once a determination has been made to acquire a historic building for a project, it should be dealt with as a typical appraisal problem by taking into account all factors that affect value. Historic characteristics of a building may have positive, negative or no impact on value depending primarily upon market reaction to laws regulating the building's use and maintenance, and should be dealt with as part of the appraisal problem.

- X. Manufactured Homes:** The determination that a mobile home is, or is not, real property shall be made by an agency attorney prior to the appraisal of the property. The file should be documented to show that the determination was made and by whom.

In general, manufactured/mobile homes shall be considered realty if owned by the fee holder and assessed as realty. They

shall be considered personalty if tenant owned. For additional definition of mobile home see [EPG 236.8.1.3 Mobile home](#) and [49 CFR 24.2\(a\) 17](#).

If personalty, the manufactured/mobile homes shall be noted in the appraisal report but not valued. Personalty will be covered under relocation. Refer to [EPG 236.8 Relocation Assistance Program](#).

- Y. Moving Improvements as a Measure of Damage:** Use of the estimated cost to move a building improvement as a measure of proximity or other consequential damage must be supported by contractor estimates and analysis of market data to show feasibility. The value of the improvement if moved must be significantly greater than the after value in-place plus the cost to move. The use of this method is limited to those situations in which moving an improvement appears to be an action that a typical prospective buyer might consider. When this method of analysis is chosen both a sales comparison and cost approach should be done and the added value and extended economic life due to new components such as foundation, plumbing, wiring, etc. must be recognized in the after value conclusion.
- Z. On-premise Signs:** If a partial acquisition requires removal of on premise signs, including logo or trademark signs, such signs are to be handled under [EPG 236.8 Relocation Assistance Program](#).

If a business operation will be totally acquired, all on premise signs are to be valued as real estate and offered back to the owner at salvage value. An exception would be made, however, for those situations in which the business operation is to relocate to another location and wants to utilize an existing sign. In such cases a sign may be handled under EPG 236.8 Relocation Assistance Program.

- AA. Personalty and Fixtures:** The appraisal report should identify the items considered in the appraisal to be real property, as well as those identified as personal property. See [49 CFR 24.103\(a\)\(1\)](#) and USPAP Standard Rule 1-2 e iii. This requirement may be met by identifying fixtures included in the realty value. Identify fixtures or personalty that might be considered a fixture, which the owner desires to retain, and exclude those elements from the realty value. Examples include freestanding appliances, restaurant equipment, industrial machines, etc. To avoid duplication of payments in the relocation program, the appraiser may need to coordinate with the relocation specialist and legal counsel to ensure proper allocation of complex fixture and personalty items.

LP tanks owned by the fee holder are to be considered realty and included in the value estimate, unless the owner desires to

have the fixture moved under the relocation program. Leased or tenant owned LP tanks are to be considered personal property and not valued.

Satellite dishes including all in-ground components are to be considered as personal property and not valued.

BB. Project Influence: Per [49 CFR Section 24.103\(b\)](#), "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."

CC. Special Benefits: Special Benefits are those benefits accruing to the land adjacent to the public improvements, which do not accrue to the public at large.

Special benefits reflected in an appraisal must be supported with concurrence from the agency's counsel by letter retained in the appraisal work file.

DD. Blank

EE. Units of Comparison: In markets where analysis by front foot indicators is considered appropriate, value indications by area (square foot or acre) shall also be included in comparative data and analyses.

FF. Uniform Standards of Professional Appraisal Practice: USPAP Compliance Statement: See page four of the USPAP Compliance Statement to be used in Standard, URAR, and Value Finding formats. See [EPG 236.18.6.3.4 Uniform Residential Appraisal Report \(URAR\) and Addendum](#) for the USPAP Compliance Statement to be used with Waiver Valuations.

Uniform Standards of Professional Appraisal Practice (USPAP) provide the common basis for all appraisal practice and reflects the current standards of the appraisal profession. Supplemental standards applicable to assignments prepared for specific purposes may be issued by government agencies that establish public policy. This manual represents MoDOT's supplemental standards.

USPAP addresses the ethical and performance obligations of appraisers through definitions, rules and standards. The definitions establish the application of certain terminology. The Ethics Rule sets forth the requirements for integrity, impartiality, objectivity, independent judgment and ethical conduct. The Competency Rule presents pre-assignment and assignment

conditions for knowledge and experience. The Jurisdictional Exception Rule preserves the balance of USPAP if a portion is contrary to law or public policy of a jurisdiction. The Supplemental Standards rule provides the means for government agencies that establish public policy to augment USPAP. The Standards establish the requirements for appraisal, appraisal review and the manner in which each is communicated. In performing assignments for the agency, appraisers are bound by these USPAP standards and rules. USPAP Standards Rule 1-4, when applicable: In developing a real property appraisal, an appraiser must collect, verify, and analyze all information necessary for credible assignment results the agency has determined, through the Scope of Assignment, the formats and approaches to value which are applicable, that is, the approaches which are necessary to produce a credible appraisal for valuing property or property rights to be acquired for agency's purposes or for disposal of this property or property rights.

As an agency of the government of the state of Missouri with the power to make administrative rules with the force of law, MoDOT's policy in this matter falls under the Jurisdictional Exception and explanation by the appraiser that the approaches to value are those required by the Scope of Assignment is adequate explanation and support for the exclusion of any of the usual valuation approaches.

It is not the purpose of the agency or MoDOT to circumvent USPAP in utilizing abbreviated report formats or requiring less than three approaches to value. Rather, the purpose of this procedure is to keep the authority for making the decision on which approaches to value shall be done on an administrative level. The appraiser has the responsibility to request a change in the Scope of Assignment if field inspection reveals that the appraisal problem is substantially different than described in the Scope of Assignment and the approaches called for do not adequately deal with the problem.

Through the Scope of Assignment process, the agency and the appraiser have determined that the appraisal process to be performed will provide a credible report. The review process finally assures that a credible report has been accomplished for the intended use.

Not all specific requirements of USPAP are applicable to every assignment. Typical practice for a given assignment is measured by the expectations of parties who are regularly intended users for similar assignments, participants in the market of appraisal services, and what an appraiser's peers' actions would be in performing the same or a similar assignment.

Jurisdictional Exception: Section A of the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) notes that the Standards conform to Uniform Standards of Professional Appraisal Practice (USPAP), but that, in certain instances, it has been necessary to invoke USPAP's Jurisdictional Exception Rule to conform the UASFLA to federal law relating to the valuation of real estate for government acquisition purposes. The following identifies the areas of the UASFLA that deviate from USPAP under the Jurisdictional Exception Rule.

USPAP's Jurisdictional Exception Rule provides that "if any part of USPAP standards is contrary to the law or public policy of any jurisdiction, only that part shall be void and of no force or effect in that jurisdiction." By way of explanation, the comment section of USPAP's Jurisdictional Exception Rule further provides: "By logical extension, there can be no violation of USPAP by an appraiser disregarding, with proper disclosure, only the part or parts of USPAP that are void and of no force and effect in a particular assignment by operation of legal authority." The comment also states, however, that "It is misleading for an appraiser to disregard a part or parts of USPAP as void and of no force and effect in a particular assignment without identifying in the appraiser's report the part or parts disregarded and the legal authority justifying this action." The conflicts between the UASFLA and USPAP that require invocation of USPAP's Jurisdictional Exception Rule are minimal. Invocation of the Jurisdictional Rule should never be invoked lightly, or without reference to the overriding federal policy, rule, or regulation, which requires it. USPAP is not a particularly restrictive document, but it and the UASFLA require full and prominent disclosure to avoid misleading intended users (or even casual readers) of the appraisal report.

While the UASFLA standards are not themselves law, they are based on federal case law, legislation, and administrative rules. Also, the UASFLA standards have been specifically incorporated by reference into a number of statutes and regulations, in particular the regulations that implement the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. It is clear that the deviations between the UASFLA and USPAP noted below fall under USPAP's Jurisdictional Exception Rule; the legal authority justifying these exceptions consists of the UASFLA and the federal case law, legislation, and federal regulations upon which the UASFLA are based.

*** Linking Estimate of Value to Specific Exposure Time:**

Section A-9 of the UASFLA provides that the appraiser shall not link an estimate of market value for federal land acquisition purposes to a specific exposure time. This is contrary to USPAP Standards Rule 1-2 and Standards Rule 2-2, and is considered a jurisdictional exception. The legal basis and reasoning for this

jurisdictional exception may be found in Section B-2 of the UASFLA.

*** Consideration of Land Use Regulations and Anticipated Public Projects:** Section A-12 of the UASFLA provides that the appraiser disregard any changes in a property's neighborhood brought about by the government's project. Section A-13h of the UASFLA further instructs appraisers that they must disregard recent rezoning (or the probability of rezoning) of the property under appraisal if such action was the result of the government's project. Section B-10 of the UASFLA, "Enhancement or Diminution in Value Due to the Project," explains the legal basis for these instructions. These instructions are contrary to USPAP Standards Rule 1-3(a), which requires appraisers to identify and analyze the effect on use and value of existing land use regulations and probable modifications thereof, and to Standards Rule 1-4(f), which requires appraisers to analyze the effect on value of anticipated public improvements located on or off site. Therefore, the instructions to appraisers in the UASFLA in this regard are considered jurisdictional exceptions.

*** Review Functions:** Section C-5 of the UASFLA notes that 49 C.F.R. 24.104 requires the reviewer to determine whether the appraisal under review constitutes an adequate basis for the establishment of an offer of just compensation. To do that, it may be necessary for the reviewer to consider information that was not available to the appraiser at the time the appraisal report was prepared. Standards Rule 3-1(c) of USPAP prohibits the reviewer from using information not available to the appraiser in development of an opinion as to the quality of the appraisal report under review. Review appraisers are cautioned that some may construe their consideration of such information in conducting their review and developing recommendations to management as contrary to Standards Rule 3-1(c). Therefore, review appraisers may wish to invoke USPAP's Jurisdictional Exception Rule in this regard, depending upon the specific circumstances of the review.

As noted in Section C-1 of the UASFLA, administrative reviews are not subject to USPAP and do not meet the requirements of 49 C.F.R. 24.104. In addition, Draft Appraisal Reports are not subject to USPAP, even though they may be reviewed for general conformance therewith, as well as conformance with the UASFLA. However, a technical review report covering a draft appraisal report does fall under the purview of USPAP and the UASFLA. However, the review appraiser typically does not approve, recommend for approval, disapprove, accept, or reject a draft appraisal report. Draft appraisal reports, for purposes of the UASFLA, are written appraisal reports, or parts thereof,

which are not signed by the appraiser and do not include a signed appraiser's certificate, or a signed letter of transmittal.

*** Conduct of Preliminary Value Estimates and Appraisals for Federal Land Exchanges:** As noted in Section D-7 of the UASFLA, a preliminary value estimate prepared under 43 C.F.R. 2201.1(b) is not considered an *appraisal* even though it may be prepared by a qualified appraiser. Therefore, the preparations of such preliminary value estimates are a jurisdictional exception to USPAP.

*** Specific Legislation and Regulations:** Each land acquisition agency has its own policies, rules, and regulations relating to its land acquisition activities. While all of these rules and regulations work from a base of 49 C.F.R. Pt. 24, as do the UASFLA, specific agency program activities sometimes make it necessary to adopt rules and regulations which are, or may be construed to be, contrary to USPAP.

8.6.3.2 Value Finding Appraisal Format: The instructions for the Standard Appraisal Format, [EPG 236.18.6.3.1 Standard Appraisal Format](#), are the source for general appraisal guidance on all the formats. The following instructions are specific to the Value Finding Appraisal Format.

Use of the [Value Finding Appraisal Format, Form 236.18.6.3.2](#) is allowed when:

- the acquisition is simple
- fair market value can adequately be estimated by the sales comparison approach with only minor adjustments
- damage to the remainder can be measured by the cost to cure or is consequential damage not exceeding \$10,000 per element of damage
damages due to simple strip permanent or temporary easements and cost to cure items when valued by a reliable cost manual or contractors' estimate are not subject to the \$10,000 damage limit in the value finding format the highest and best use is the present use and is not materially affected by the acquisition.

Change in highest and best use resulting from a nominal uneconomic remnant is allowed in this format.

Use of the Value Finding Appraisal Format, Form 236.18.6.3.2 is not allowed:

- when there is consequential damage exceeding \$10,000 to a structural improvement. See [EPG 236.18.6.3.1.20D.4 Damages](#).
- when residences are to be acquired, unless authorized by a policy waiver from the Right of Way Section of Design.

Instructions For Preparing Value Finding Appraisal Format: The appraiser shall adhere to the following format, and shall include paragraph headings and numbers as shown. The appraisal shall be typewritten on 8 1/2" x 11" paper with the pages numbered sequentially.

These format instructions set out appraisal requirements of the Missouri Department of Transportation (MoDOT) and the Federal Highway Administration (FHWA). It is inevitable that appraisers will occasionally encounter situations that are not specifically addressed herein. In all cases the appraiser is responsible for a credible, adequately documented appraisal. Reasonableness and typical professional appraisal practices are the standard. There are a number of ownership items and appraisal problems frequently encountered in appraising for property acquisition, on which policies have been established by case law, management decision and precedent. These policies apply to all appraisal formats and are set out in [EPG 236.18.6.3.1.20D Other Appraisal Considerations](#).

LOCAL PUBLIC AGENCY
VALUE FINDING APPRAISAL FORMAT
REAL ESTATE

See [EPG 236.18.6.3.1 Standard Appraisal Format](#) for the standard identification block.

- 1. Owner and Tenant-owner:** See [EPG 236.18.6.3.1.1 Owner and Tenant Owner](#) for instructions for Owner and Tenant-owner.
- 2. Purpose of Appraisal:** See [EPG 236.18.6.3.1.2 Purpose of Appraisal](#) for instruction for Purpose of Appraisal, and all standard language for this paragraph.
- 3. Interest Appraised:** See [EPG 236.18.6.3.1.3 Interest Appraised](#) for instructions for Interest Appraised.
- 4. Scope of Work:** See [EPG 236.18.6.3.1.4 Scope of Work](#) for instructions for Scope of Work.

The Scope of Work for a Value Finding Appraisal Format is the same as that of a Standard Appraisal Format. However, due to the simplicity of the impact on the appraised property as determined in the Scope of Assignment, the required reporting level is reduced in the Value Finding report.

- 5. Identification of the Property:** See [EPG 236.18.6.3.1.5 Identification of the Property](#) for instructions for Identification of the Property.

6. **History of the Property:** See [EPG 236.18.6.3.1.6 History of the Property](#) for instructions for History of the Property.
7. **Description of Realty Before Acquisition:** See [EPG 236.18.6.3.1.7 Description of Property Before Acquisition](#) for instructions for Description of Property Before Acquisition

a. Zoning

- Code
- Category
- Compliance

b. Land

For the Value Finding format, the land description should concentrate on areas in the acquisition and areas affected by the acquisition. Unaffected areas may require little or no description.

- Access Before Acquisition
- Utilities In Use Before Acquisition
- Utilities Available Before Acquisition

c. Fee Owned Improvements, Fixtures and Personalty

See [EPG 236.18.6.3.1.7C Fee Owned Improvements, Fixtures and Personalty](#) for instructions for Fee Owned Improvements, Fixtures and Personalty. If unaffected by the acquisition, improvements shall be inspected to the extent that they can be adequately described. The appraiser may estimate the contributory value of unaffected improvements without support.

This format shall not be used when there is consequential damage exceeding \$10,000 to a structural improvement. If there will be consequential damage to a structural improvement, include a detailed description of the affected improvement in this paragraph and explain damage applied in [[#9. Description of the Acquisition and Effects on the Remainder].

Fixtures and Personalty. See [EPG 236.18.6.3.1.20D.12 Personalty and Fixtures](#) and 49 CFR Subpart B 24.103 (a).

d. Tenant Owned Improvements, Fixtures and Personalty

See [EPG 236.18.6.3.1.7D Tenant Owned Improvements, Fixtures and Personalty](#) for instructions for Tenant Owned Improvements, Fixtures and Personalty. See also [EPG 236.18.6.3.1.20D.12 Personalty and Fixtures](#) and 49 CFR Subpart B 24.103 (a).

e. Other Appraisal Considerations

Methods and directions for addressing other property elements are set out in [EPG 236.18.6.3.1.20D Other Appraisal Considerations](#).

- 8. Highest and Best Use:** For a Value Finding appraisal, a statement of the highest and best use conclusion is sufficient. A concluded highest and best use in conflict with existing zoning must be explained. The Value Finding Appraisal Format requires that the highest and best use of an improved property be the current use and that the highest and best use is not affected by the acquisition.

For additional information on highest and best use, see [EPG 236.18.6.3.1.8 Highest and Best Use Analysis Before Acquisition](#).

- 9. Description of the Acquisition and Effects on the Remainder:** For a Value Finding appraisal, include the area of new acquisition and/or easements, and briefly describe their location, configuration and relation to improvements or other important characteristics of the property. See [EPG 236.18.6.3.1.7B Land](#) and [EPG 236.18.6.3.1.11 Description of Property After Acquisition](#) for instructions on Utilities and Access.

- Access After Acquisition:
- Impact on Utilities:
Utilities In Use After Acquisition:
Utilities Available After Acquisition:

Other Appraisal Considerations

Methods and directions for addressing other property elements are set out in [EPG 236.18.6.3.1.20D Other Appraisal Considerations](#).

10. Analysis and Supporting Data for Compensable Losses

- a. Analysis of Overall Land Value:** In a Value Finding appraisal, a minimum of one unimproved sale comparable to the subject as if the subject was unimproved, shall be considered when arriving at an overall unit value, unless a different requirement of sale date is specified in the Scope of Assignment. See [EPG 236.18.6.3.5 Instructions for Preparing Sale Forms](#) for requirements of comparable sale and [EPG 236.18.6.3.1.9A Sales Comparison Approach Before Acquisition](#) for the application of comparable sales in the valuation. All significant differences between the sale and subject must be identified and the effect on market value analyzed and explained.

In a Value Finding appraisal, total difference of up to 30% may be adjusted in a lump sum, with explanation. When a sale sufficiently comparable to meet this requirement is not available the appraiser may use the most comparable sale(s) available and show individual adjustments together with market data or in-depth explanation of the appraiser's rationale to support the adjustments and value conclusion. A brief explanation should be given if in the appraiser's judgment no adjustment to the sale(s) is necessary.

Conclusion-Overall Unit Value of Land: \$ _____

- b. Analysis of Value of Land Acquired (if different from overall value):** In a Value Finding appraisal, if the unit value of the area acquired is different from the overall unit value of the entirety it must be supported by a sale comparable to the acquisition and explanation must be given why the estimated unit value of the acquisition area is different. The same procedure for adjustments as outlined above applies to the sale(s) used to analyze the unit value of the acquisition.

Conclusion-Unit Value of Land Acquired: \$ _____

- c. Analysis of Value of Improvements, Fixtures and Personalty in the Acquisition:** In a Value Finding appraisal, the appraiser may estimate the contributory value of any acquired improvement having a value of \$10,000 or less. Improvements with a value over \$10,000 may be valued by The Cost Less Depreciation approach with cost sources, calculations and depreciation rates shown, or by a method set out in the Scope of Assignment, or [EPG 236.18.6.3.1.9B Cost Approach Before Acquisition](#). Depreciation may be estimated by observed condition or age life methods. Market data supporting improvement value and/or depreciation estimates may be included. Value of each improvement, its ownership and the total value of improvements acquired shall be shown. Also see [EPG 236.18.6.3.1.20D Other Appraisal Considerations](#).

Conclusion-Estimated Value of Improvements Fixtures and Personalty Acquired: \$ _____

- d. Analysis of Damage to the Remainder:** In the Value Finding format, rationale for conclusion of damage to remainder due to easements or other damage shall be explained. Description of temporary and permanent easements should include the use and anticipated duration of that use.

Losses to remainder value may result from limitation of direct access, proximity of the proposed boundary line to improvements, severance, reduction in size of remainder, configuration of remainder, change in grade, and other effects of acquisition. Losses of this nature may be estimated by the appraiser without the benefit of sales data or other supporting evidence provided an estimate for any one given loss does not exceed \$10,000, but in all cases rationale must be reasonable and fully explained. Consequential damage due to more than one of the above factors may suggest that the standard appraisal format should be used.

Cost to cure items may include wells and water systems, septic or sewer systems, waterways, terraces, fencing for proposed boundary lines along relocated highways, etc. Costs for such items shall be based on contractor estimates or other appropriate cost sources. Value of each cost to cure item and the total shall be shown. The costs of cost to cure elements, documented in the same manner that would be applied in a

Standard Format, are not included in this limitation of damages in this Value Finding format.

The estimated cost to move a building improvement shall not be used as a measure of consequential damage in the Value Finding format, unless authorized in the Scope of Assignment. See [EPG 236.18.6.3.1.20D.10 Moving Improvements as a Measure of Damage](#).

Conclusion-Estimated Damage to Remainder: \$ _____

- e. **Other Appraisal Considerations:** Methods and directions for addressing other property elements are set out in [EPG 236.18.6.3.1.20D Other Appraisal Considerations](#).

- 11. Estimate of Total Just Compensation:** The Before Value Estimate shall include the value of land and all improvements including outdoor advertising structures. Contributory values of unaffected improvements may be estimated.

Total Before Value Estimate: \$ _____

After Value Estimate: \$ _____

Indicated Just Compensation Due to Acquisition: \$ _____

- 12. Allocation of Just Compensation:** The appraiser shall offer an opinion of reasonable allocation of the estimate of just compensation between realty acquired and damages, if any, to the remainder. This policy shall apply to the interests of both fee holders and tenants who own improvements.

a. Allocation of Fee Holder's Interest

- 1. Land Acquired: \$ _____
- 2. Improvements, Fixtures and Personalty: \$ _____
Improvements or structures within the new acquisition and/or easement areas shall be identified, with a separate value shown for each. Fence acquired in a strip acquisition shall be included as an improvement acquired.
- 3. Total Land and Improvements Fixtures and Personalty: \$ _____
- 4. Damages to the Remainder: \$ _____

Damages to the remainder including permanent and temporary easements shall be identified and individually valued and their values combined to a total. Losses caused by temporary borrow pits must be set apart from other damages. Fencing required as a cost to cure due to road realignment, temporary fencing, etc., shall be included as a damage to the remainder.

5. Total Just Compensation Due Fee Holder: \$ _____

b. Allocation of the Tenant Owner's Interest

- 1. Tenant Owned Improvements Fixtures and Personalty:
_____ \$ _____
_____ \$ _____

Identify each tenant owned improvement within the new acquisition and/or easement area and estimate its value. Use the greater of its contributory value or value for removal (salvage value).

2. Damage to Tenant Owned Improvements Fixtures and Personalty:

_____ \$ _____
_____ \$ _____

Identify and show a value loss, if any, for each tenant owned improvement lying outside the acquired area.

3. Leasehold Interest: \$ _____

Calculate value of leasehold Interest, if any, should the lease be extinguished or rendered valueless by the acquisition.

4. Total Just Compensation Due Tenant-Owner: \$ _____

13. Uneconomic Remnant: See [EPG 236.18.6.3.1.17 Uneconomic Remnant](#) for instructions on Uneconomic Remnant.

Area _____ @ \$ _____ = \$ _____

14. Salvage Value: See [EPG 236.18.6.3.1.18 Salvage Value](#) for instructions on Salvage Value.

Improvement _____ Salvage Value \$ _____

Improvement _____ Salvage Value \$ _____

Total Salvage Value \$ _____

15. Required Attachments: See [EPG 236.18.6.3.1.19 Required Attachments](#).

8.6.3.3 Waiver Valuation: The purpose of the appraisal waiver provision is to provide a technique to avoid the costs and time delay associated with appraisal requirements for low-value, non-complex acquisitions. The intent is that non-appraisers and appraisers in training may make waiver valuations. The preparer of the Scope of Assignment makes a determination to use the waiver valuation.

Waiver valuations are not appraisals as defined by the Uniform Act and [49 CFR 24.102 \(c\)](#), therefore appraisal performance requirements or standards, regardless of their source, are not required for waiver valuations. Since waiver valuations are not appraisals, neither is there a requirement for an appraisal review. The definition of "appraisal" in the Uniform Act and appraisal waiver provisions of the Uniform Act and 49 CFR are federal law and public policy and should be considered as such when determining the impact of appraisal requirements levied by others, including USPAP.

Use of the Waiver Valuation is allowed when the acquisition is simple and \$10,000 or less. Fence re-establishment costs, whether improvement acquired or allocated to damages, may be excluded from this limit. No other cost to cure elements may be excluded from the limit.

Limitations to the intended use of the Waiver Valuation include:

- land value is easily determined,
- only nominal structural improvements are acquired, only nominal access rights are acquired other than fence, costs to cure cannot make the total compensation exceed \$10,000 there are no apparent damages to the remainder – other than simple easements, access rights of nominal impact and creation of nominal uneconomic remnants

An agency official must establish just compensation to offer the property owner which is accomplished by the valuer's signature and co-signature by a designated agency official.

The same person may perform both the value estimate and negotiation functions. Although the Right of Way representative must contact the owner, an invitation to accompany the representative during the property inspection for valuation purposes is not required.

This article provides guidance and format for a Payment Estimate waiver valuation. Other waiver valuation formats may be developed by Districts to accommodate management style and project type. Development of alternative waiver valuation formats other than the Payment Estimate requires the approval of Right of Way.

Payment Estimate Instructions: Use of the Payment Estimate, [Form 236.18.6.3.3](#), is allowed when the acquisition is simple and the value of the acquisition is \$10,000 or less. Fence re-establishment costs, may be excluded from this limit. No other cost to cure elements may be excluded from the \$10,000 limit. The same person may perform both the value estimation and negotiation functions if the value estimate is less than \$10,000.

The following sample format will be adequate for most applications, but may be expanded to include space for uneconomic remnants, etc. when required.

Use of Nominal Equal Payments to Assign Just Compensation with the Waiver Valuation: Districts may establish categories of extremely simple and nominal acquisitions, like temporary driveway connection easements, and assign nominal equal compensation for those categories. The compensation must be greater than the conclusion of a valuation assignment or other calculation of the compensation, if one were done. These nominal equal payments may be included in Waiver Valuations for parcels with additional types of acquisitions or may be established as the Just Compensation if it is the only acquisition on given parcels.

LOCAL PUBLIC AGENCY PAYMENT ESTIMATE - WAIVER VALUATION

See [EPG 236.18.6.3.1 Standard Appraisal Format](#) for the standard identification block.

- 1. Owner and Tenant Owner:** Identify owner and tenant owner by address, phone number, etc.

For a Waiver Valuation, the property owner and tenant owner must be contacted and the contact documented in the valuer's work file. Personal contact is preferred, however, when time or other limitations make this impractical, contact by telephone or mail is permitted. The valuer should inform the property owner and tenant owner as to the nature of the acquisition and that a written offer showing the amount of damages will be delivered by Agency Right of Way personnel or by mail.

In the Waiver Valuation, an invitation to accompany the Right of Way representative during the property inspection is not required. A copy of the agency's right of way brochure should be provided the property owner by the person making the initial contact. If the contact is by telephone, the brochure should be mailed.

- 2. Identification of the Property:** See [EPG 236.18.6.3.1.5 Identification of the Property](#) for instructions on Identification of the Property.

- 3. Description of Acquisition:** Briefly describe the acquisition. In the waiver valuation, affects on the remainder are limited to easements and nominal damage elements.

- 4. Basis for Value:** Valuer shall cite one or more vacant land sales. Explanation of values of easements, nominal improvement, costs to cure, etc. should be addressed here.

- 5. Summary:** Value of Land Acquired: \$ _____
Value of improvements, fixtures or personalty to be acquired:
Fee owner (Salvage Value \$ _____) \$ _____
Tenant owner (Salvage Value \$ _____) \$ _____

Damages to the Remainder:

Permanent Easement: _____ (area) @ \$ _____ = \$ _____

Temporary Easement: _____ (area) @ \$ _____ = \$ _____

Other Damages: _____ \$ _____

Sub-total: \$10,000 limit \$ _____

Fencing: _____ l.f. @ \$ _____ / (l.f.) \$ _____

_____ l.f. @ \$ _____ / (l.f.) \$ _____

Total Fencing: \$ _____

Total Just Compensation \$ _____

Uneconomic Remnant \$ _____

The assignment of value of a nominal uneconomic remnant created by an acquisition that fits the criteria and limitations of a Waiver Valuation may be assigned in this format.

6. **USPAP Compliance Statement:** The valuer shall include in the waiver valuation report the following statement.

USPAP Compliance Statement: This waiver valuation was prepared according to the agreement/assignment from the agency. The intended use of the waiver valuation is for eminent domain related acquisition and the agency is the only intended user (except as indicated above). The agency bears responsibility for agreement/assignment requirements that meet its needs and therefore are not misleading. In combination with the Scope of Assignment and administrative approval function, all waiver valuation reports assigned by the agency identify the problem to be solved, determine the scope of work necessary to solve the problem and correctly complete research and analysis necessary to produce a credible waiver valuation and are therefore in compliance with USPAP Standard 1. In that the agency is the only intended user of the report and others may only be provided copies for informational purposes, the agency has determined that reports prepared in conformance with these procedures fulfill the agency's needs.

Prepared by: _____

Approved for Just Compensation by: _____

The preparer and a designated agency official are required to sign the report constituting approval of just compensation by an agency official.

Required Attachments:

Site Plan

Photograph of Acquisition Area

Comparable Sale or Other Value Support

Optional Attachments:

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- 8.6.3.4 Uniform Residential Approval Report (URAR) and Addendum:** The instructions for the Standard Appraisal Format, [EPG 236.18.6.3.1 Standard Appraisal Format](#), are the source for general appraisal guidance on all the formats. The following instructions are specific to the URAR Appraisal Format.

Use of the [URAR, Form 236.18.6.3.4](#), must be authorized by the approved Scope of Assignment and will be primarily intended for valuations for the acquisition of single-family residentially improved tracts that are total acquisitions or where the only remainder is a nominal uneconomic remnant. Applicability is restricted to situations in which the residential improvements clearly represent highest and best use.

The appraiser shall adhere to the following instructions. The appraisal may be on a preprinted or computer-generated URAR form of a version currently used in appraisal practice. *Harrison's Illustrated Guide to the Uniform Residential Appraisal Report* may be used as an instruction for proper completion of the URAR, for items not specified in these instructions.

There are a number of ownership items and appraisal problems frequently encountered in valuing acquisitions for transportation purposes, on which policies have been established by case law, management decision and precedent. These policies apply to all appraisal formats and are set out in [EPG 236.18.6.3.1.20D Other Appraisal Considerations](#).

LOCAL PUBLIC AGENCY UNIFORM RESIDENTIAL APPRAISAL REPORT AND ADDENDUM: See [EPG 236.18.6.3.1 Standard Appraisal Format](#) for the standard identification block.

1. **Owner and Tenant Owner:** Identify owner and tenant owner by address, phone number, etc.
2. **Purpose of Appraisal:** See [EPG 236.18.6.3.1.2 Purpose of Appraisal](#) for instructions on Purpose of Appraisal.
3. **Interest Appraised:** See [EPG 236.18.6.3.1.3 Interest Appraised](#) for instructions for Interest Appraised.
4. **Scope of Work:** See [EPG 236.18.6.3.1.4 Scope of Work](#) for instructions for Scope of Work.

The Scope of Work for a URAR Appraisal Format is the same as that of a Standard Appraisal Format. However, due to the standardization and familiarity of the appraiser and the owner with appraisal of single-family homes, the required reporting level is reduced in the URAR report.

5. **Identification of the Property**
See [EPG 236.18.6.3.1.5 Identification of the Property](#) for instructions for Identification of the Property.
6. **History of the Property**
See [EPG 236.18.6.3.1.6 History of the Property](#) for instructions on History of the Property.
7. **Description of Property Before Acquisition**
See [EPG 236.18.6.3.1.7 Description of Property Before Acquisition](#) for description of property before acquisition. For the URAR, only those elements that are not identified on the URAR valuation form need to be addressed here.
 - a. **Zoning**
 - Code
 - Category
 - Compliance
 - None
 - b. **Land:** See [EPG 236.18.6.3.1.7B Land](#) for instructions on land description.
 - Access Before Acquisition:
 - Utilities In Use Before Acquisition:
 - Utilities Available Before Acquisition:

- c. **Fee Owned Improvements, Fixtures and Personality:** See [EPG 236.18.6.3.1.7C Fee Owned Improvements, Fixtures and Personality](#), [EPG 236.18.6.3.1.7D Tenant Owned Improvements, Fixtures and Personality](#) and [EPG 236.18.6.3.1.20D.12 Personality and Fixtures](#) for instructions on Fee Owned Improvements, Fixtures and Personality.
- d. **Tenant Owned Improvements, Fixtures and Personality:** See [EPG 236.18.6.3.1.7C Fee Owned Improvements, Fixtures and Personality](#), [EPG 236.18.6.3.1.7D Tenant Owned Improvements, Fixtures and Personality](#) and [EPG 236.18.6.3.1.20D.12 Personality and Fixtures](#) for instructions on Tenant Owned Improvements, Fixtures and Personality.
- e. A sign, billboard or other property owned by others, which the Fee Holder does not have a right or obligation to remove, must be identified and valued separately. See [EPG 236.18.6.3.1.20D.2 Billboard Valuation](#).
- f. **Other Appraisal Considerations:** See [EPG 236.18.6.3.1.7E Other Appraisal Considerations](#) and [EPG 236.18.6.3.1.11 Description of Property After Acquisition](#) for instructions on Other Appraisal Considerations.

8. Estimate of Total Just Compensation: For the URAR format, attach a narrative explanation of the comparison of each comparable sale with the appraised property, and the adjustments implemented for each significant element of difference affecting value. An explanation shall be offered for each individual adjustment. Differences may be measured by either dollars or percentage.

Estimated Value Before Acquisition: \$ _____
 Estimated Value After Acquisition: \$ _____
 Indicated Just Compensation Due to Acquisition: \$ _____

9. Allocation of Just Compensation:

a. Fee Holder's Interest:

- 1. Land Acquired: \$ _____
- 2. Improvements, Fixtures and Personality: \$ _____
- 3. Total Land and Improvements, Fixtures and Personality:
\$ _____
- 4. Damages to the Remainder: \$ _____
- 5. Total Just Compensation Due Fee Holder: \$ _____

b. Tenant Owner's Interest:

- 1. Tenant Owned Improvements, Fixtures and Personality:
\$ _____
- 2. Damage to Tenant Owned Improvements, Fixtures and Personality:
\$ _____
- 3. Leasehold Interest: \$ _____
- 4. Total Just Compensation Due Tenant Owner: \$ _____

10. Uneconomic Remnant: See [EPG 236.18.6.3.1.17 Uneconomic Remnant](#) for instructions on Uneconomic Remnant.

Area _____ @ \$ _____ = \$ _____

11. Salvage Value: See [EPG 236.18.6.3.1.18 Salvage Value](#) for instructions on Salvage Value.

Improvement _____ Salvage Value \$ _____
Improvement _____ Salvage Value \$ _____
Total Salvage Value \$ _____

Required Attachments

URAR Form

Contingent and Limiting Conditions, [Assumptions and Limiting Conditions Form 236.18.6.3.1A](#)

Certificate of Appraiser, [Certificate of Appraiser Form 236.18.6.3.1B](#)

Site Plan

Photographs

Floor Plans of Acquired Residential Units and Structures with Internal Walls

Comparable Sales and Map

URAR Form

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Legal Instructions, if any shall be retained in the appraiser's work file and not attached to valuation reports

8.6.3.5 Instructions for Preparing Sale Forms: Appraisers shall incorporate within the appraisal reports adequate sales and other supporting data to relay the necessary comparative information, by attachment of the sale data sheets, [Nonresidential Sale \(Form 236.18.6.3.5A\)](#) and [Residential Sale \(Form 236.18.6.3.5B\)](#).

The purpose of the sale forms is to provide sufficiently detailed information about transactions and the properties involved to allow the appraiser to make comparisons and value judgments, and to allow a reader to follow the reasoning and validate the comparisons. The forms provide blanks to be completed with information that tends to be common to all sales, but seldom are the completed blanks sufficient to furnish all information that should be included. Judgment from the appraiser is required even in this. Those significant characteristics of the sale property, and important details of the transactions should be included whether or not a specific blank is provided for the information.

Use of sales that have improvements located on them as vacant land sales, when it has been confirmed that those improvements did not contribute to value, is acceptable provided that during the course of time that the sale is being

relied upon, those improvements have not been rehabilitated for renewed use. Once it becomes apparent that an improvement, formerly concluded to have no contributory value, has been put back into productive use, a sale written to the contrary has lost much of its credibility and is not to be used as a comparable for land valuation.

The [Certificate of Appraiser Form 236.18.6.3.1B](#) indicates that an appraiser has inspected all sales considered in the valuation process; therefore, subsequent inspections by other appraisers need not be identified on the forms. It is recommended that for future court testimony, that each appraiser makes a personal record of the sale inspections in regard to each property appraised.

8.6.3.5.1 [Nonresidential Sale Form 236.18.6.3.5A](#): Sale Form 236.18.6.3.5A is for reporting sales of all vacant or improved properties other than improved single-family residential properties, or where residential improvements do not represent the highest and best use.

Completion of The Sale Form Entries

Selling Price: This entry should reflect the total selling price of the property, including land and all improvements, if any. If the price was confirmed in another manner or if other information about the sale price was revealed, a full explanation should be included elsewhere on the form.

Unit Price: Indicate the entire selling price including all land and/or land and improvements, divided by the site area, gross living area above ground level (for residential improvements), or gross building area of the main improvement, or explain if the amount was calculated in another method.

On the Nonresidential Sale Form 236.18.6.3.5A, indicate whether the price was confirmed as a price per unit or a total price.

Type of Transaction: Entries in this field should describe the relationship of the buyer and seller. Any entry other than "Open Market" must be fully explained.

Financing: If financed by a lender with a conventional loan, the word Conventional will satisfy this requirement. If seller-financed or if there is concessional financing of any kind, the rate and terms should be included. If other than Conventional, the form must report the type of instrument and terms known, and show calculations for the cash equivalent sale price, with indicated adjustment shown in the Financing Concession field of the Property Description Section. Cash Equivalency must be calculated and used in direct comparison with subjects. Situations that may require cash equivalency adjustments include: mortgage assumptions at favorable rates, mortgage buy-downs, installment sale contracts, wraparound loans, points paid by seller, seller-financed loans, etc.

Site Dimensions: In regularly shaped parcels, the dimensions can be expressed as "width X depth". When appropriate, the average width by the average depth is acceptable. A line drawing of the perimeter of the property may be necessary to fully communicate an understanding of the property layout.

Site Area:

Building Area:

Zoning: The code and category of zoning as of the date of sale should be stated (for example, C-2 Commercial District). If the property is nonconforming with the zoning, this should be explained in the text of the sale form. If closing of the sale was contingent upon a different zoning being granted, this entry should reflect the contingent zoning and the body of the sale should include an explanation of the circumstances surrounding the zoning change. Special zoning provisions or restrictions should be noted, such as minimum lot size or number of developed units allowed.

Zoning Compliance: Either state yes, or explain noncompliance.

Highest and Best Use: The following standardized entries should be used: Single-family Residential; Multi-family Residential; Commercial; Industrial or Agricultural. Standardization of broad categories of use under these headings facilitates data base entry and search functions. Frequently additional explanation of highest and best use in the text of the sale will be warranted.

Utilities In Use (At Time Of Sale): State what utilities are on site. "All available" or "All in place" are not acceptable entries. The use of initials, W, E, G, S as abbreviations for publicly provided water, electricity, natural gas, and sanitary sewer is suggested. Use of Deep Well, Shallow Well, and Septic is suggested for privately provided utilities that are in use on the property.

Utilities Available (At Time Of Sale): If a utility is not on the property but is close, or is available but not connected, state what is actually on the property as of the date of sale and explain in the depth that the circumstances demand.

Access (At Time of Sale): Report legal and physical points of access and entrances. Legal access represents a deeded or permitted access point to a property. Physical access merely reflects the presence of existing entrances, which may or may not be legal.

Identification of the Realty: Location information should be adequate to assist the reader in driving to the property. The real estate involved in the sale can be identified by an abbreviated property description, address, map reference, copy of a survey or map, property sketch and/or photographs or the like. Lengthy

property descriptions should not be reiterated within the sale form, but rather copies of the title report or last deed of record should be reviewed by the appraiser and retained in the appraiser's work file and or district sales data files.

A property description does not need to repeat the actual description on the deed, but must provide enough data to allow the reader to regenerate the perimeter of the property. If subdivision land, provide a cut or tracing of the subdivision plat or a drawing to allow subsequent users of the form to locate the lot.

Inclusion of a copy of the transfer document (e.g., deed, contract) in the report is neither required nor desirable, unless there is something in the document that is unusual or particularly revealing.

Sale Verification: All comparable sales used shall be confirmed by the buyer, seller, broker or other person having knowledge of the price, terms, and conditions of sale. This form and its contents may be used by various appraisers, without further verification subsequent to its original verification, providing the appraiser using the form also inspects the sale premises. Subsequent users of the sale assume responsibility for the correctness of information presented on the Sale Form. Telephone numbers of verifying parties are very desirable. Signature of verifying appraiser is not required.

If confidential data is included with a sale confirmation, that sale information must be handled in a manner that the confidentiality is not violated.

In this section of the sale forms, include name of verifying appraiser and confirming party, company (if Realtor, lender, etc.) and position in company (broker, loan officer, agent etc.) If confirmation is by other than the buyer, seller, lender or real estate agents, identify relationship to the transaction. Values reported as a public record (example: Certification of Value in Metropolitan St. Louis and Jackson County) and MLS information are not acceptable without further verification.

It is the intention of this requirement that enough information be provided that the verification can be repeated for purposes of court testimony or review. For trial purposes, a party to the transaction could be interpreted differently. In this case, consult with legal staff for specific requirements. Any person testifying about the facts of the sale may be required to personally verify those facts.

Map Number: Map identification numbers in common local use may be entered as appropriate.

Property Description: On the Nonresidential Sale Form 236.18.6.3.5A, indicate by subparagraphs description of land, description and type of

improvements, if any, and any other data pertinent to analysis. Attach additional sheets if necessary.

Physical characteristics should be adequately explained to make comparison with those characteristics of subject properties being appraised. For analysis and valuation of properties subject to partial acquisitions, it is particularly important to note unusual features in sales, like building setback, frontage, depth, shape, access, entrances, etc.

8.6.3.5.2 [Residential Sale Form 236.18.6.3.5B](#): Sale Form 236.18.6.3.5B is used for reporting sales of improved single- family residential property, and the entry fields correspond with the URAR form as much as possible.

Property Description: On Form 236.18.6.3.5.B, the RESIDENTIAL SALE FORM, the physical items of this section of the form are arranged in the order of the URAR form. Physical characteristics should be adequately explained to make comparison with those characteristics of subject properties being appraised.

Quality of Location: This entry should reflect the quality of location in factual terms. (Typical street, Dead-end road, Gravel road, Corner, etc.) Subjective terms (good, poor) might be used in addition to the factual data.

Site/View: The appraiser should indicate such site factors as size, shape, topography, drainage, encroachments, easements, view, landscaping, driveway, flood hazard, or any detrimental or unusually positive site conditions. For analysis and valuation of properties subject to partial acquisitions, it is particularly important to note unusual features in sales, like building setback, frontage, depth, shape, access and entrances.

Design (Style): Indicate the style of construction (ranch, bungalow, etc.). Also indicate such aspects as appeal of exterior design, interior attractiveness, special features, and any other characteristics that would make the property attractive or unattractive to purchasers and otherwise enhance or detract from its overall marketability. During the confirmation the appraiser should attempt to ascertain the above items.

Quality of Construction: An overall quality rating should consider the quality of materials and workmanship used in all components of the building.

Age: Indicate the estimated or actual age of the dwelling, at the time of sale. If a dwelling has been substantially modernized or upgraded, the effective age may also be indicated. Effective age estimation will

require a comment describing the basis for assignment and the degree of modernization.

Condition: Indicate "good", "average", "fair" or "poor". For purposes of comparison with subjects, items of curable and incurable deterioration are the sensitive elements in this consideration.

Basement/Finish: The appraiser should report basement improvements such as finished rooms and recreation rooms found in the sale. If there is no basement or only a partial basement, this should be indicated.

Functional Utility: This entry relates to the efficiency of a building's use and reflects such factors as layout, room size, and general livability. Trends in single-family home construction sometimes determine whether residences have such items as porches, balconies, fireplaces, separate dining rooms, large kitchens, entry halls, and family rooms. Standards for dwellings also vary widely with regard to income level of prospective tenants and location. When judging the functional utility of residential buildings, the appraiser should attempt to interpret the reaction of typical purchasers in the specific market area.

Heating / Cooling:

Energy Efficient Items:

Garage / Carport:

Porch / Patio / Deck:

Other - kitchen equipment and remodeling: All kitchen equipment must be itemized.

8.6.3.5.3 [Comparable Lease Form 236.18.6.3.5C:](#) Form 236.18.6.3.5C is provided for the reporting of comparable leases.

8.6.3.5.4 [Optional Sale Forms From Fee Appraisers:](#) To accommodate the efficient use of various fee appraisers' sale databases, sale write-ups of other formats can be accepted. It is up to the agency official or other reviewer to accept, reject or request supplemental information regarding other sale forms.

8.6.3.6 [Access Rights Valuation:](#) Appraisals of access rights will be made in conformity with the appropriate state laws, regulations and policies and procedures for acquisition and disposal of property set out in this article. Refer to [Article IV, Section 29 of the Missouri Constitution](#). For more information regarding access, see [EPG 940 Access Management](#).

The Scope of Assignment will identify the anticipated minimum requirements for the appraisal format to be prepared, based on the anticipated value or complexity of the access rights to be valued.

8.6.3.7 Other Agency Valuations: The Department of the Interior, the Missouri Department of Natural Resources, and some other agencies adhere to the *Uniform Appraisal Standards for Federal Land Acquisitions* (UASFLA) while MoDOT instructions, approved by the Federal Highway Administration (FHWA), use the UASFLA as a guide. The Scope of Assignment preparer or the appraiser will need to determine the other agency's requirements.

The following instructions outline the items different from, or in excess of the MoDOT's instructions, which are required when doing appraisals for these or other agencies. This is only a general outline. Appraisals will be reviewed in the typical process using [Form 236.18.6.4.3](#) and [Form 236.18.6.4.4](#).

See the [FHWA website](#) for current requirements and guidance.

8.6.3.8 Airport Valuation: Appraisals for airport projects and contracting to perform such services are under the specific guidelines of the [FAA Order 5100.37B Land Acquisition and Relocation Assistance For Airport Projects](#).

These instructions are addressed to those staff and fee appraisers preparing and reviewing appraisals of partial and total acquisitions for airport development and expansion. Since the Appraisal portion of [MoDOT's Right of Way policy](#) was primarily developed for acquisition of rights of way for highway projects, the terminology relates to highways. The same general appraisal principles apply to appraisals for airport projects, with the exceptions summarized here. The specific appraisal requirements are addressed in Chapter 2 of advisory circulars/150/5100-17. See <http://www.faa.gov/>.

8.6.3.8.1 Formats Used: All Missouri Department of Transportation (MoDOT) valuation formats including Waiver Valuation may be used in valuation for airport acquisition. The same measures of complexity as discussed in [EPG 236.18.6.2 Scope of Assignment](#), will be applied to determine the appraisal format used. An official of the airport acquiring agency will have determined the complexity of appraisal problems prior to contracting, or assigning an appraisal and will indicate in the contract, or instructions, what formats are to be applied to the individual tract appraisals.

[Assumptions and Limiting Conditions Form 236.18.6.3.1A](#) and [Certificate of Appraiser Form 236.18.6.3.1B](#) may be used in valuation for airport acquisition.

8.6.3.8.2 Summary of Additional Airport Appraisal Requirements: The appraiser or waiver valuation preparer must be familiar with the additional valuation requirements specific to airport acquisition, which include but are not limited to:

- The property owner shall be invited to accompany the appraiser or Waiver Valuation preparer.
- There is no provision for separation of function for the same individual to prepare a Waiver Valuation and negotiation to acquire the property.
There are non-compensable land costs that may be allowable for compensation under state law, that are non-compensable in acquisition for airports.
There are specific instructions in the appraisal of aviation easements and noise aviation easements.

8.6.3.8.3 MoDOT Right of Way Section's Involvement in Scope of Assignment, Administrative Review and Administrative Settlement Review: To assure quality appraisals, waiver valuations and appraisal reviews, the MoDOT Right of Way Section of Design will support the Administrator of Aviation, Multimodal Operations Division with scope of assignment considerations and administrative review. When the airport sponsor has obtained a valuation and appraisal review for airport acquisition, it shall be delivered to the Administrator of Aviation and routed to Right of Way Section for an administrative review. An administrative review is, at a minimum, a desk check of factual data and information presented in the valuation report, a determination that the report fulfills the requirements of this article, that the report addresses the special valuation considerations for valuation for airport purposes and provides a quality report with appropriate conclusions.

8.6.4 LPA Appraisal Review and Approval of Just Compensation

8.6.4.1 Purpose: Appraisal review is the act or process of developing and communicating an opinion about the quality of all or part of a completed work performed by another appraiser in a real property appraisal assignment. 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 in the review assignment.

The purpose of this article is to establish procedures and guidelines for the review of appraisal reports and approval of just compensation. The reviewer is responsible to assure that appraisal reports comply with instructions for preparing appraisals as set out in this article, which incorporates requirements of Federal Highway Administration (FHWA), 23 CFR and 49 CFR, and USPAP, and that they conform to Scope of Assignment requirements and recommendations.

Occasionally reports are to be written and reviewed in conformance to other standards such as [Uniform Appraisal Standards for Federal Land Acquisition \(UASFLA\)](#) or Land Acquisition and Relocation Assistance for Airport Projects (see http://www.faa.gov/regulations_policies/advisory_circulars/index.cfm/go/document.information/documentID/23049). In these instances the reviewer is responsible to obtain the appropriate documents and follow their requirements in the review process.

8.6.4.2 Assignment of Appraisal Review: Fee review appraisers are pre-qualified as reviewers on MoDOT's Roster of Approved Contract Appraisers. Fee review appraisers recommend just compensation, which must be approved by an agency official.

8.6.4.3 Review and Approval of Appraisal Reports and Waiver Valuations: Review and approval of appraisals will be accomplished on [Appraisal Review and Approval of Just Compensation, Form 236.18.6.4.3](#), which accommodates the approval of just compensation by an agency official.

Although not an appraisal and therefore not technically reviewed, a Waiver Valuation prepared by agency staff or fee appraisers, may be cosigned by an agency official to accomplish approval of just compensation.

The reviewer is responsible to assure compliance with the Scope of Assignment and contract/agreement requirements. The review will verify that all appraisals are complete and correct regarding format utilized, design plans, mathematics, and [EPG 236.18.6.3 Valuation Formats and Instructions](#). Appraisals must also be examined to determine consistency with other appraisals on the project, must utilize the proper number of appropriate sales, and contain appropriate exhibits.

In addition to above, the reviewer has the following responsibilities:

- A. Field inspect each appraised parcel as well as each comparable sale used by the appraiser during the valuation process, when the acquisition and appraisal is of a complicated nature as to require an examination in the field to fully understand the appraisal problem.

On limited occasions a desk review of appraisals may be permissible. The reviewer must disclose on Form 236.18.6.4.3 if only a desk review is done.

- B. Examine each appraisal report to determine that it:
 1. Is compiled in accordance with the Department's appraisal specifications, [EPG 236.18.6.3 Valuation Formats and Instructions](#), or other manuals that may apply. (Example: Federal Aviation Administration or [Uniform Appraisal Standards for Federal Land Acquisition](#). See [EPG 236.18.6.3.7](#) and [EPG 236.18.6.3.8](#).)
 2. Is compiled in accordance with accepted appraisal principles and techniques with regard to valuation of real property.

3. Contains or makes reference to information necessary to explain, substantiate, and thereby document conclusions, estimates of value, or just compensation.
 4. Offers evidence to support adjustments of comparable sales and depreciation rates, when applicable, or as may be specified within the Scope of Assignment.
 5. Addresses all compensable items, damages, and special benefits, if any, and does not include compensation for items non-compensable under Missouri law.
- C.** When reviewing multiple appraisals on the same project or in the same area, be attentive to inconsistencies in analyses and conclusions which result in widely varying estimates of just compensation for similar acquisitions and/or damages, including unit values, percentage rates for easements, etc.
- D.** Request and obtain corrections, revisions, additions and/or clarifications to appraisal reports which do not substantially meet requirements set forth in EPG 236.18.6.3. Such corrections or revisions shall be attached to and become part of the appraisal report. Requests of an uncomplicated nature may be addressed directly to a staff or fee appraiser. Requests of a complex nature will be made in writing.
- E.** Complete all applicable portions of Form 236.18.6.4.3, allocating compensation between appropriate elements and parties, date and sign the document, thereby establishing and/or approving an amount, in dollars, which in the opinion of the reviewer represents the estimate of value or just compensation.

Such opinion will be supported by approval of the appraisal as submitted or as revised to include corrections, revisions, additions and/or clarifications requested and made part of the appraisal report. If reviewer approves a different value, support may come from data furnished in the appraisal report or be developed by the reviewer.

Approval of Just Compensation on Form 236.18.6.4.3 may be subject to the future receipt of additions and clarification, which will be attached and made part of the appraisal report when received. Completion of the form should indicate what corrections; revisions additions and/or clarifications are being requested.

- F.** If the reviewer is unable to achieve resolution of the errors or deficiencies found in an appraisal report, the Agency may authorize an additional appraisal of the parcel in question.
- G.** The reviewer shall prepare one fully executed copy of Form 236.18.6.4.3.
- H.** Add addenda to previously submitted reports, maintain a log of appraisal and review activity, and answer correspondence.

8.6.4.4 Adjustment of Value or Just Compensation: In some instances it is necessary to effect changes in previously approved values or just compensation. Occasionally, such revisions are so insignificant it isn't justified to assign an appraiser to realign previously approved appraisals with current conditions. Under such circumstances, the reviewer may adjust the approved offer for needed revisions by completing [Adjustment of Value or Just Compensation, Form 236.18.6.4.4](#).

Such changes generally necessitate a revised written offer to the owner. It is the intention of this document to provide means of correcting minor differences between previously approved amounts and prevailing conditions. Any revisions proposed by the use of Form 236.18.6.4.4 shall be of such nature that justification or support therefore may be abstracted from a previously approved appraisal reports. If there is any impact on highest and best use or any other appraisal consideration, the problem should not be handled by a Form 236.18.6.4.4.

8.6.4.5 Review of Specialty Appraisal Reports for Equipment or Specialty Items: The review of separate valuations of machinery, equipment, trade fixtures, or other specialty items, carries the following responsibilities:

1. Field inspect appraised items and then examine each appraisal report to determine that it contains:
 - statement of purpose of report.
 - definition of value(s) reported, i.e., in-place value, salvage value, etc.
 - identification of property and its ownership of record.
 - statement of appropriate contingent and limiting conditions, if any.
 - identification of the value problem.
 - an estimate of values.
 - accepted principles and techniques for the valuation of the subject of the report.
 - consideration of compensable items and that report does not include compensation for non-compensable losses.
 - data and analysis to explain, substantiate, and thereby document estimate of values.
 - date of inspection and effective date of value.
 - route, county, project number, job number, parcel number, certification, signature and date of signature of Specialty Appraiser. photographs and any other necessary descriptive material.
2. Request and obtain corrections or revisions of specialty appraisal reports which do not substantially meet above criteria.

8.7 Acquisition

8.7.1 Negotiations to Acquire Real Property

8.7.1.1 Contact With Owners and Their Representatives: Acquisition of real property and property rights is an extremely sensitive area of activities since it involves direct personal contacts with the public. The negotiator shall make a reasonable effort to personally contact each resident property owner or the owner's designated representative. The negotiator should strive to attain rapport with the property owner, inspire confidence in the acquisition process and the fairness of the offer being made.

The property owner should be provided with an explanation of the acquisition process that may be supplemented by the [acquisition brochure](#). A full explanation of the project should be given and how it will affect the owner's property.

If no personal contact has been accomplished, certified mail of offer letters is recommended prior to condemnation.

8.7.1.2 Negotiator's Report: A record of negotiations for each parcel shall be maintained by the negotiator and become a permanent part of the parcel file. The [Negotiator's Report \(Form 236.18.7.1\)](#) and the [Parcel File Checklist \(Form 236.18.4\)](#) assist the negotiator in documenting the completion of requirements prescribed by the Uniform Act.

A detailed record of each contact with the owner or representative shall be completed, signed and dated by the negotiator, within a reasonable time after the contact. The Parcel File Checklist, the Negotiator's Report form and the Negotiator's Narrative (explained below) shall be attached to the left front inside cover of each individual parcel file, for quick reference when monitoring the right of way project during the clearance phase.

The information for each contact should include as a minimum the date and place of each contact, parties contacted, monetary amount of offer made, counteroffers, reasons settlement could not be reached, an explanation of the acquisition and any other pertinent data. Each contact report should be signed and dated by the negotiator preparing the report.

When negotiations are unsuccessful and the negotiators consider further attempts to negotiate to be futile, they should record their recommendations for action considered appropriate.

8.7.1.3 Prompt Written Offers to Owners and Tenant Owners: If donations are not possible, the LPA must make a prompt written offer to an owner, based on the full amount of just compensation indicated on the approved appraisal.

If the estimated compensation for the rights to be acquired from the parcel is no more than \$10,000.00, a [Waiver Valuation - Payment Estimate, Form 236.18.6.3.3](#), may be used instead of an appraisal. For additional land and easement valuation procedures, please see [EPG 236.18.6.3 Valuation Formats and Instructions](#).

Prompt offers dispel owner dissatisfaction and encourage confidence in the agency. Also, a delayed offer may not reflect current market conditions and cause need for revaluation. A written offer is also required in the case of a tenant that owns any of the buildings, structures or other improvements affected by the acquisition.

The written offer to the property owners and tenant owners shall include, at a minimum, the following:

The amount established as just compensation. In the case of a partial acquisition, the compensation for the real property to be acquired and for damages to remaining real property shall be separately stated.

A description, location, identification and the interest in the real property being acquired. Attaching a copy of the proposed acquisition deed and providing a plan sheet satisfies this requirement.

Identification of buildings, structures and other improvements (including removable buildings, equipment and trade fixtures) considered to be part of the real property to be acquired.

Where appropriate, the statement shall identify any separately held ownership interest in the property, (example: a tenant-owned improvement) and indicate that such interest is not covered by the offer.

A [sample offer letter for use when just compensation is determined by a Payment Estimate](#) (Waiver Valuation) is Form 236.18.7.3. A [sample offer letter for use when just compensation has been determined by a Value Finding or Standard Format appraisal](#) is Form 236.18.7.4.

8.7.1.4 Owner's Consideration of Offer: The owner should be given a reasonable time to consider the offer and to present information which is believed to be relevant in determining the value of the property along with suggested modification in the proposed terms and conditions of the purchase. The acquiring agency must consider the owner's counter offer and suggestions, even though there is no obligation to accept the same.

Occasionally, additional information may dictate a need for a revision to the offer. If an owner volunteers information, the acquiring agency must give that information appropriate consideration. Any revision should be documented providing an explanation of the reasons. A revised written offer, approved by the proper agency official, should be made promptly to the property owner.

8.7.1.5 Payment Before Possession: No owner shall be required to surrender possession of real property before the acquiring agency pays the agreed purchase price, or deposits the amount of a Commissioner's award with the court for the benefit of the owner.

8.7.1.6 90-Day Notice to Vacate: No person lawfully occupying real property shall be required to move or remove personal property from a dwelling, business or farm operation without at least 90 days' written notice from the acquiring agency before the date by which such move is required.

A 90-day Notice to Vacate shall not be given before the notice of relocation eligibility. A notice to vacate is required in all cases in which an acquired structure is occupied, or personal property must be removed.

In cases of displacement of an individual, family, or business, the Missouri Department of Transportation will offer guidance regarding relocation assistance, upon request from the Local Public Agency (LPA). Other notices to vacate, depending on the various circumstances encountered, are available in the [EPG 236.8 Relocation Assistance Program](#).

For more information on MoDOT policy regarding the relocation assistance program, please see EPG 236.8 Relocation Assistance Program.

8.7.1.7 Uneconomic Remnant: When a partial acquisition leaves the owner with a remainder that has little or no utility or value to them, an uneconomic remnant may have been created. The agency shall make the determination if there is an uneconomic remnant. This is usually decided upon in the appraisal or appraisal review process, but may result from declarations and opinions of the owner.

The agency shall make an offer to purchase the uneconomic remnant. To accommodate potential condemnation, the offer to acquire a remnant should not be included in the offer to acquire the needed land or right of way, but rather be made as an entirely separate offer. The owner may decline to sell the remnant. Federal funds may participate in the costs of acquiring uneconomic remnants. However, uneconomic remnants cannot be acquired by condemnation. Condemnation petitions should not include the area considered an uneconomic remnant.

If the remnant is not included as part of the regular right of way and the remnant is sold by the agency, credit to federal funds is required if they were utilized in the acquisition. The credit to federal funds would be at the same pro-rata as federal funds participated in the cost of the acquisition. The amount

credited should be the result of a disposal by public sale or negotiations based upon appraised fair market value. When a credit to federal funds is required, the cost of disposition may be deducted from the sales price. When an uneconomic remnant is not incorporated within the approved right of way limits, no FHWA approval is required to dispose of it.

The necessary record keeping, and future refund, can be avoided by acquiring uneconomic remnants without federal funds.

8.7.1.8 Owner Retention of Improvements: The owner of improvements located on the land being acquired as right of way may be offered the option of retaining those improvements at a salvage value determined by the acquiring agency. Salvage values are generally best determined in the valuation process. Salvage Value is the amount the item would command if sold in place with the buyer being responsible for removal from the property. The acquiring agency is not required to offer owner retention in every instance.

When the owner elects to retain an improvement, the just compensation paid the owner should be reduced by the salvage value of the retained improvement. Reduction of the salvage value to accomplish a settlement, must be approved by an LPA official, and adequately documented in the [administrative settlement justification letter](#).

When improvements are retained, it is considered a good business practice to hold sufficient funds, to ensure proper removal of the improvement and clean up of the premises.

8.7.1.9 Coercive Action: All negotiations shall be conducted in such a manner as to eliminate any coercion of an owner into reaching agreement. Condemnation shall not be used as a threat. The property owner shall be given a reasonable amount of time to consider the offer and to obtain professional advice or assistance if they so desire. The agency shall not advance the time of condemnation, or defer negotiations or condemnation or the deposit of funds with the court, in order to induce an agreement on the price to be paid for the property.

8.7.1.10 Separation of Functions:

1. Appraisal/Negotiation

Negotiations shall be conducted by someone other than the appraiser or reviewing appraiser of the real property to be acquired, except that the acquiring agency may permit the same person to value and negotiate an acquisition where the value is based on a [Waiver Valuation - Payment Estimate, Form 236.18.6.3.3](#), or is less than \$10,000. However, the valuation prepared on a Payment Estimate must be reviewed and an amount approved by another designated agency official before the initiation of negotiations.

2. Delivery Of Payments

By Agency Staff: Any full-time agency employee may deliver payment checks for acquisition of right of way interests. If personally delivered, the responsible agency employee shall obtain the signature of the recipient acknowledging receipt of the payment. Payments mailed to owners shall be by certified mail with return receipt requested.

By Escrow Agents: Payments to escrow agents may be delivered by any person or by certified mail with return receipt requested. Owners shall be notified in writing of the date their payment is delivered to escrow agent.

8.7.1.11 Incidental Expense Reimbursement: The owners of property acquired for a project will be reimbursed for the following expenses they necessarily incurred for the transfer of the property.

- **Property Transfer Costs:** Recording fees, transfer taxes and similar expenses incidental to conveying the property. These expenses are normally paid direct by the local agency.
- **Proration of Taxes:** Owners will be reimbursed for a pro rata portion of the state, county and city real estate taxes paid for the current taxable year on property purchased by the agency. The pro rata portion of taxes will cover the full number of months remaining in the calendar year after payment is received by the owner for the property. Claims for reimbursement must be made within six months after the city or county tax delinquent date. Delinquent tax payments are not reimbursable. The owner is responsible for submission of paid tax receipts and request for payment to the agency for reimbursement. A sample [Pro Rata Real Estate Tax Claim Form](#) is available. Unless the owner waives this requirement, it must be given to the owner.
- **Mortgage Penalties:** Owners will be reimbursed for actual penalty costs for prepayment of a pre-existing mortgage entered into in good faith and filed of record. These costs will be reimbursed when the property is acquired in its entirety or the acquisition is of such magnitude that the remainder will not provide collateral for the mortgage and/or the mortgagee legally requires penalty costs for prepayment of the mortgage. The owner is responsible for submission of paid receipts of penalty costs and request for reimbursement to the agency.
- **Appeal for Expense Eligibility:** Property owners may file a written appeal with the agency if they believe that the agency has failed to properly consider their application for reimbursement of expenses incidental to the transfer of title. This appeal may include their eligibility for, or the amount of a payment. The time limit for filing an appeal is 60 days after they receive written notification of the agency's determination on their claim.

8.7.2 Donation of Right of Way:

8.7.2.1 Donations - Waiver of Appraisal: The use of donations may be used to acquire property and property rights without the use of a detailed appraisal, however some documentation is necessary.

In some instances property owners affected by small, uncomplicated acquisitions of right of way and/or easements may be willing to donate their property that is needed for the project, especially when the project improvements provide a benefit to the property and community.

Donations are acceptable; however, the owner must be fully informed of the right under law to payment of just compensation as determined by an appraisal. An owner can waive the right to an appraisal, and make a donation. To assure full understanding by the owner, a [Donation - Waiver of Appraisal Letter](#) must be signed by the owner.

When non-complex property or property rights are donated, a proper Local Public Agency (LPA) authority may waive acquisition of additional property interests (like partial mortgage releases, easement owners, tenant interests, etc.), but a memo outlining the waiver to acquire additional property interests should be included in the file.

The Uniform Act forbids an acquiring agency from taking any coercive action in order to compel an owner to agree on a price for his property. As such, in most cases it would be inappropriate for a LPA at the time of initiation of negotiations to inform the property owner that the needed right of way would have to be donated to the acquiring agency in order for the roadway project to be completed. The only acceptable circumstance would be in the case when the project would be terminated unless all owners agreed to donate.

8.7.2.2 Donations of Property as Credit To LPAs Matching Share (Soft Match): The value of donated property can be used as a credit to the local agency's matching share of project costs. Those agencies wishing to utilize this provision should read and comply with [Form 236.18.7.2.1](#). The MoDOT district Right of Way offices will be able to provide assistance and guidance in obtaining this credit. If such crediting is used, a valuation of the donated property must be done. MoDOT must concur in that valuation prior to Plans, Specifications and Estimates Approval (PS&E), to assure the credit.

It is extremely important that the estimated value of the donation be included in the overall project costs (for eventual right of way phase obligation) when the original application is made for project funding. If this is not done at that time, the credit for the donation will not be available and those funds must come from the construction costs obligated. This will effectively wipe out any credit sought for the donation, and render that donation useless.

8.7.2.3 Donation in Exchange for Construction Features: A local agency may accept an owner's offer to donate in exchange for construction features that will benefit the owner. The LPA should make an economic determination that the cost of the services rendered can reasonably be balanced against the value of the required acquisition. In this case the owner should sign a [Donation In Exchange](#) letter, and complete the donation of necessary right of way in exchange for the specified construction features to be rendered.

8.7.3 Dedications: A local agency may accept a parcel of land through dedication if the dedication is done pursuant to a local planning and zoning process or at the request of the property owner for use concessions. This is not considered an acquisition requiring just compensation.

Dedications are not considered donations for purposes of donation credit (soft match). Any dedication undertaken to circumvent federal requirements is unacceptable.

8.7.4 Assessments: LPAs may not take any coercive action in acquiring property for a project. Assessments against individual properties of a project are unacceptable. However, assessments to recapture funds expended for a public improvement are acceptable if levied against all properties within an established taxing area or district.

8.7.5 Negotiator Qualifications: It is recommended that LPA staff negotiators carry the following qualifications, which is equivalent to the MoDOT Right of Way Specialist:

"Knowledge of business and real estate as might be acquired through experience or graduation from an accredited four year college or university with a bachelor degree in real estate, finance, economics, business administration, public administration, or related area."

8.8 Acquisition Through Eminent Domain

8.8.1 General: The basic principles governing the exercise of the power of eminent domain are established by state law and are described in [EPG 236.10.7 Eminent Domain Guidelines](#). If negotiations are not successful, the acquisition case is turned over to the agency's legal representative to secure the property through condemnation action, or a legal settlement. It is strongly recommended that any time property must be acquired by condemnation action, the local public agency (LPA) should contact the local MoDOT district office for assistance.

After property has been placed in condemnation and the commissioners have made their report, the acquiring LPA should make a determination as to whether the case should be tried by a jury or disposed of by settlement. In either case, however, if the LPA intends to claim federal participation in the payment of any excess over and above the original approved offer, the file must be adequately documented to justify the action taken.

The attorney handling the case for the LPA should become familiar with Title 49 of the Code of Federal Regulations, Part 24, and Subpart D of Part 712 of Title 23 of the Code of Federal Regulations. In the state of Missouri, in addition to the Uniform Act, the Eminent Domain Law; RSMo 523, describes procedures for governmental agencies in condemnation cases. Missouri's LPA officials are strongly encouraged to rely on their Legal Counsel for interpretation of this statute. For a summary of the changes made to RSMo 523 as a result of the 2006 eminent domain reform legislation known as HB 1944, please refer to [Form 236.18.8](#).

The [60-Day Notice of Owners Rights, \(Form 236.18.8.1\)](#) prescribed by RSMo 523 and the [Final Vacancy Notice for Relocation \(Form 236.18.8.2\)](#) are provided for the LPA.

8.8.2 Documentation of Legal Actions: The agency shall provide to the MoDOT District Right of Way office proper documentation for not filing exceptions to commissioners award, justification to dispose of a condemnation case by settlement, or a trial report in the case of jury trial. This documentation is to be furnished to MoDOT Regional Counsel for review and approval action. District Counsel shall contact the appropriate representative of the local agency for corrective action if necessary

8.8.3 Use of a Fee Attorney or Special Counsel: Advanced Central Office Right of Way Section approval is a requirement along with a determination that:

The employment of special counsel is in the public interest
The fee for the services is reasonable
The fee is not on a percentage basis.

Contact the local MoDOT district right of way office when the LPA anticipates using outside counsels.

8.8.4 Federal Participation in Costs of Staff Attorneys: Federal participation shall not be allowed in payment to a city or county attorney for work performed in connection with the acquisition of rights of way when he/she is obligated to perform such work without additional compensation. In those cases when the normal duties of the attorney do not include the acquisition of property for right of way purposes, federal funds may participate in payments for services performed.

8.8.5 Preparation of Justification for Legal Settlements: A legal settlement is any acquisition settlement made by the responsible agency's legal representative after condemnation is filed. The legal settlement is the attempt to reach a settlement after all reasonable efforts by the negotiator have failed, including attempts at an administrative settlement. If federal funds are to participate in right of way acquisition, including the settlement costs, and the agency determines that it is in the best interest to dispose of the condemnation case by legal settlement, the legal representative handling the case must prepare a [Justification for Settlement statement, Form 236.18.8.5](#), and provide this statement to the MoDOT district Right of Way office.

If an A-date authorizing federal funds participation in right of way has not previously been authorized, an Acquisition Authority (A-date) must be obtained prior to completion of the settlement and prior to request for federal participation in the cost of the acquisition settlement.

The LPA shall identify the agency's legal representative responsible for making the settlement. If this representative is not a direct employee of the agency, the LPA shall concur in the settlement. This includes stipulated settlements approved by the court in which the condemnation action has been filed.

- Justifications for settlement should contain as a minimum; the following information: (LPA may prepare an office memo to the file with all of this information or the Form 236.18.8.5 may be utilized.)
- A description of the property as to dimensions, terrain, use, access to public roads and other facilities, severance by public roads and water courses, improvements, and any other features which would have a bearing upon the value of the property.
- The effect which the acquisition has on the property, such as severance, limitation of access, removal of fencing and other improvements, and blocking of existing public roads which provide access to the property.
- The date of taking.
- The amount of the commissioners' award.
- All appraisals which have been obtained for the determination of damages with the dates of appraisals.
The approved offer and the date the amount of the offer was established.
- Any comments which are contained in the reviewing appraiser's report, or in the negotiator's records, which might have a bearing on a determination for settlement.
- Any legal deficiencies noted in any of the appraisals or in the reviewing appraiser's determination.
- Any changes which have occurred in the property between the date of any of the appraisals and the date of taking, such as rezoning or change in improvements.
- Substantial differences in appraisals or between the appraisals and the approved offer should be correlated.
- A discussion of problems to be anticipated in a trial of the case, both legal problems and evidentiary problems which could affect the outcome of trial. This might include problems relating to comparable sales, highest and best use of the property, rezoning, drainage problems, extent and effect of severance, encroachment damage, the admissibility of evidence, valuation of landscaping, depreciation of improvements (especially functional obsolescence), special benefits, etc.

A discussion as to the effectiveness, if known, of the witnesses.

A discussion of recent trial results in the county.

Costs of trial may be considered along with other matters in the justification, but may not be used as the sole basis for settlement.

In making a determination as to whether to recommend settlement of a case, all pertinent information and facts which would be admissible in a trial of the case should be discussed, with a discussion as to the effect which such evidence would probably have in the outcome of the trial. Where additional sales have occurred in the area which the attorney feels would be admissible in evidence

and would have a bearing on the outcome of the trial, the attorney should discuss the sales as to their admissibility in the trial and the effect that their admission into evidence might have on the outcome of the trial. The acquiring agency's legal counsel should be involved from the early stages of the project delivery. During the planning and design stages, he or she may be able to detect complex title or valuation pitfalls which can be avoided or minimized during the appraisal process. Counsel should be called upon for advice on such matters as the law on benefits, before/after value appraisals, and compensability of particular items. Counsel should be given an opportunity to offer advice prior to the determination to condemn.

8.8.6 Trial Reports: Federal funds may participate in amounts greater than the amount established as just compensation if there is supporting documentation in the LPA project file. A trial report, [Form 236.18.8.6, Legal Trial Report](#), signed by the trial attorney, should contain the following information:

- A description of the property as to size, shape, terrain, improvements, access to roads and other facilities, severance by roads and other facilities, and any other matter which has a bearing on the value or use of the property.
- Date of taking.
- A description of the taking and its effect on the remaining property.
- The date and amount of the originally approved offer and the appraisal upon which the offer was based.
- The date and length of the trial.
The evidence presented on behalf of the defendant. This should include not only the testimony as to damages, but also other matters presented by the defendant which bear upon the before and after values of the property.
- Evidence presented by the plaintiff. This should include not only a statement as to the amount of damages to which the witnesses testified, but other matters presented into evidence by witnesses which would have a bearing on the value of the property, such as highest and best use, zoning, comparable sales, nature of special benefits.
- The reason for any substantial variance between the original approved offer and plaintiff's testimony.
Differences arising between the parties in trial, not only as to amounts of damages to which the witnesses testified, but a discussion as to the reasons for the differences in the amounts and differences between the parties as to other features of the property, such as physical features, zoning, probability of rezoning, highest and best use, and the extent which the highest and best use has been affected by the taking.
- Any differences arising between the parties as to questions of law, especially as to the admissibility of evidence, objections made by either party, or the rulings of the court upon those objections.
A discussion of any possible error committed by the trial court in ruling on objections with a recommendation as to whether the verdict is substantially in excess of the plaintiff's testimony and there is error in the case but the attorney's recommendation is that no post trial action be taken, a full discussion of the reasons for such recommendation should be made.
If post trial action is taken or anticipated, and later it is decided not to appeal, a supplemental report is to be prepared and placed in the file, setting out reasons for no further action.

8.9 Relocation Assistance

If land needed for a project is occupied by people, business or merely personal property,, it may be necessary to displace the occupants. These occupants may be individuals, families, businesses, farms or even non-profit organizations.

The term displaced person is defined in the Uniform Act as: "...any person who moves from the real property or moves his or her personal property from the real property as a direct result of an agency's written notice of intent to acquire, the initiation of negotiations for, or the acquisition of such real property in whole or in part for a project."

Occupants who qualify as displaced persons are eligible for relocation assistance advisory services, and are entitled to payment of his or her actual moving and related expenses, as the agency determined to be reasonable and necessary. In addition, residential displacees who meet minimum occupancy requirements may qualify for replacement housing or rental subsidy payments to offset increased costs of securing replacement dwellings.

The Uniform Act and Federal Highway Administration regulations prescribe certain benefits and protections for persons displaced by projects which are funded, at least in part, with federal money. The provisions of the Uniform Act concerning relocation are found in 49 CFR, Part 23, Titles I, II, III. As stated in the law, the purpose of the Uniform Act is to assure fair and equitable treatment of displaced persons so that such displaced persons do not suffer disproportionate injury from projects designed to benefit the public as a whole.

Relocation requirements are lengthy and detailed; therefore, whenever the local agency anticipates that displacements will occur, the appropriate MoDOT district Right of Way office should be contacted for assistance in conducting its relocation program. For more information, refer to [EPG 236.8 Relocation Assistance Program](#).

8.10 Right of Way Clearance Certification

8.10.1 General: Prior to authorization to advertise the physical construction for bids, the Local Public Agency (LPA) shall submit a [Clearance Certification Statement \(Form 236.18.10.1\)](#) to the local MoDOT district office.

The Right Of Way Clearance Certification Statement is required for all federally assisted projects (federal funds participation in either right of way or construction), but only if any right of way acquisition was necessary. The statement identifies the acquisition status of necessary right of way for the purpose of advancing a project to construction. It also addresses the status of any relocation activities necessary on the project.

The agency shall submit a clearance certification to the local MoDOT district office on the agency's letterhead signed by appropriate official or officials.

When LPA Right of Way Projects affect a MoDOT Route, there may be new right of way or easements coming into the State's highway system. Information regarding the acquisition of such parcels must also be added to the clearance certification letter. In turn, the MoDOT district office will advise Right of Way Central Office in its right of way clearance cover letter. District Right of Way shall open a file record in the Right of Way

Parcel Acquisition Database and document the acquisition data of the acquired property.

All jobs certified clear more than one year prior to construction letting must have an updated clearance certification issued to verify that the right of way is still clear and that there are no encumbrances of any kind and there are no rental agreements, extensions of possession or leases in effect.

Five-Year Rule

If the realty rights were acquired more than 5 years prior to the first request for federal funds, the local agency shall submit a statement certifying that no new realty rights are needed and the dates the existing realty rights were acquired. If the realty rights were acquired less than 5 years prior to the first request for federal funds, the acquisition must have occurred within the parameters of the Uniform Act in order for any portion of the project to receive federal funds.

If the project sponsor does not need to acquire property rights, and / or holds fee title or adequate easements on property necessary for the project; the sponsor will be in one of two categories depending on the date when that latest parcel on the project was acquired:

1. The last parcel acquired was more than five (5) years prior to the first obligation of federal funds for the current project, or
2. One or all of the parcels were acquired within the last five (5) years prior to federal funds obligation.

In the case of number 1,

The sponsor must certify by signed letter to the DDL stating the following (example):
The City/County of _____ hereby certifies there is no new right of way necessary for the federally funded project known as _____ (give the Project Number here)_____. Furthermore, the last recorded acquisition of right of way or permanent easements within the limits of this project occurred more than 5 years prior to the initial obligation of federal funds.

Our records indicate the City/County of _____ acquired the most recent land, right of way, or easements on which, this project is to be constructed, on _____(month) _____(day)_____(year).

[as close to the date of record you have]

In the case of number 2,

The sponsor must submit all the parcel files and normal right of way clearance certification. The district RW Representative will review the acquisition of the RW and Easements for compliance with the Uniform Act and once this is accomplished, notify the District Design Liaison or district planning specialist that RW is clear. The district right of way staff shall follow the standard procedure for submittal to RW Central Office for final review and approval.

8.10.2 When Should Clearance Certification Be Submitted: Clearance certification should be submitted when all right of way has been acquired and legal and physical possession of all parcels has been obtained and relocation assistance has been made available on occupied units.

8.10.3 Contents of Clearance Certification: Each certification must contain the following.

8.10.3.1 Heading: The heading of your certification letter should contain the following:

date and type of environmental clearance
clearance certification entire project, portion of project, or
conditional clearance
city and or county
road or project number
federal project number
termini of the entire right of way project
the termini by stationing of that portion of the project being cleared
if it is a partial clearance certification
construction job number and termini

8.10.3.2 Accurate Statements: Make certain that all the statements under each heading are accurate, correctly reflecting the acquisition type involved in the project. Use either number 1, number 2 or number 3, below. This will indicate to the reviewer whether or not the project involved relocation assistance and, if it was only personal property moved or people/business were displaced.

1. Right of Way Required - No Personal Property Moved - No Relocation Assistance Required

- a. We certify that all necessary right of way, easements and access rights have been acquired in accordance with the Titles 49 and 23 CFR.
- b. Legal and physical possession of all parcels has been obtained.
- c. The steps relative to relocation advisory assistance and payments were not required.

2. Right of Way Required - Personal Property Moved - No Occupied Improvements Required

- a. We certify that all necessary right of way, easements and access rights have been acquired in accordance with Titles 49 and 23 CFR.
- b. Legal and physical possession of all parcels has been obtained.
- c. Steps relative to relocation advisory assistance and payments as required by 49 CFR, Part 24 have been taken (personal property moved only).

3. Right of Way Required - Personal Property Moved - Occupied Improvements Acquired

- a. We certify that all necessary right of way, easements and access rights have been acquired in accordance with Titles 49 and 23 CFR.
- b. Legal and physical possession of all parcels has been obtained.

- c. Steps relative to relocation advisory assistance and payments as required by 49 CFR, Part 24 have been taken.
- d. All individuals and families have been relocated to or offered equivalent decent, safe and sanitary housing in accordance with 49 CFR, Part 24.

8.10.3.3 Required data to be submitted with clearance certification: When a right of way project is certified clear, attach to the certification:

Total number of parcels on project that required the acquisition of right of way, easements and/or access rights.

Total number of donations. (List the parcel number, date received, and grantor's name.)

List any parcels that were voided and not appraised within the numeric beginning and ending parcel numbers as indicated on the right of way plans.

List any parcel that was appraised and subsequently voided and not acquired.

Total number of parcels that were deleted from the project, if any.

Total number of parcels that were acquired by condemnation.

Total number of parcels that were acquired by MoDOT personnel.

Total number of parcels that were acquired by Local Public Agency personnel.

Total number of parcels that were acquired by Acquisition Agent(s) on the MoDOT Roster.

Total amount of money spent in Right of Way Acquisition. (Cost of land and improvements only.)

List the parcel numbers and names of owners of all parcels acquired, which are located on the State Road System and, as a result, the information regarding these parcels must be made available to MoDOT

8.10.3.4 Partial Right of Way Clearance Certification: When phase construction is involved on a particular project and it is necessary to clear only a portion of an entire right of way project, all other requirements for the issuance of a clearance certification are applicable.

In order to advance portions of a total project to construction, it will be necessary to complete a right of way clearance certification statement for each construction project. A clearance statement is identified as a partial right of way clearance certification when legal and physical possession of additional right of way which was identified within the original right of way project termini, and needed in connection with future construction projects, has not yet been obtained.

The classification as a partial certification is necessary as it relates to the original right of way project number under which the LPA was authorized to acquire the necessary right of way. In these cases, the partial right of way clearance certification represents a full clearance certification for the construction project to be advertised and awarded. This only applies to projects

which have one federal project number and have intentionally been split into two or more projects to be let separately.

For example; STP-9999(605) Phase 1 and STP-9999(605) Phase 2.

8.10.3.5 Conditional Right of Way Clearance Certification: A Conditional Right Of Way Clearance Certification Statement is required when the agency's administration staff has determined it necessary to advance a construction project to letting prior to obtaining legal and physical possession of all the needed right of way. The LPA may request construction authorization of this type only in very unusual circumstances. This exception must never become the rule. Each situation is different. MoDOT district personnel are available for direct assistance to insure compliance with 49 CFR, and expedient clearance of the Right of Way for certification.

Clearance certifications which show exceptions must be followed by a final clearance from the MoDOT District at such time as the exceptions have been satisfied.

Any job certified clear more than one year prior to letting must be verified to determine that the job is still clear and that there are no rental agreements or leases in existence.

8.11 Right of Way Services Through Contract

8.11.1 Need: The Local Public Agency (LPA) must inform MoDOT prior to commencement of any right of way activities, whether they are adequately staffed to perform the necessary functions or if it will be necessary to utilize fee services for any of the appraisals, appraisal reviews, negotiations, or relocation services required for a project.

For more detailed information about contracting for services beyond what is provided in the following sub articles, please refer to the following links:

[EPG 236.3.12 Contracting with MoDOT and E-Verify Requirements](#)

[EPG 236.4.4.7 Procedures for Obtaining Title Services](#)

[EPG 236.6.5.1 Contracting with Fee Appraisers](#)

[EPG 236.7.8 Contract Negotiations](#)

[EPG 236.11.2 Contracting for Mediation Service](#)

[EPG 236.11.3 Mediation Contracts](#)

8.11.2 General Requirements for Contracts: The following information relates to all services provided under contract including, but not limited to, title services, appraisal services, negotiation services, relocation services and mediation services.

Business entities and employers are prohibited from knowingly employing, hiring or continuing to employ illegal aliens to perform work in Missouri. Participation in the federal work authorization program E-Verify, which enables employers to electronically

verify employment eligibility, is required for all public employers and business entities receiving a **state contract** or grant **in excess of \$5,000** or a state-administered tax credit, tax abatement, or loan from the state. Participation in a federal work authorization program is an affirmative defense to an allegation that a business entity knowingly hired an illegal alien. For more detailed information related to E-Verify requirements please see [EPG 236.3.12](#).

Contracts, agreements or assignment letters for contract services shall contain as a minimum the following provisions and clauses:

- Date of agreement.
- The complete name and address of each party to the agreement whether individual, partnership, firm or corporation. If a corporation is one of the parties, identify the state in which it is incorporated. Where a contract is with a partnership, firm or corporation, the agreement or supplement thereto shall identify the person who will perform the contract service and, if necessary, testify in a condemnation action.
- Federal-aid project number and location.
- Description of the work to be done in sufficient detail to show the nature and extent of the services contemplated.
- The basis of payment for the services to be furnished.
- Provisions that would permit the negotiation for mutual acceptance of major changes in the scope, character or estimated total cost of the work to be performed if such changes become necessary as the work progresses.

Provision that would permit termination of the agreement by the acquiring agency in case the contractor is not complying with the terms of the agreement, the progress or quality of work is unsatisfactory, or for other stated reasons. Provision covering the ownership of work completed or partially completed and basis of payment therefore in the event of termination of the agreement by the acquiring agency.

Provisions for a procedure to resolve any dispute concerning a question of fact in connection with the work not disposed of by agreement between the parties, conforming to the practice followed by the acquiring agency in resolving disputes in other contractual matters.

An expressed prohibition against the subletting or transfer of any of the work except as is otherwise provided for in the agreement.

The clauses set forth in the proposals regarding Civil Rights Assurances. Properly executed signature and dates.

8.11.3 Contract for Fee Appraiser

8.11.3.1 General Requirements:

1. The MoDOT district office may approve the use of a fee appraiser when it has been determined the local agency is not adequately staffed to perform this service.
2. Individuals proposed and used to establish estimates of just compensation shall be on the [Roster of Approved Contract Appraisers](#), which is updated annually. Refer to [EPG 236.6.5.4 Roster of Approved Contract Appraisers](#).
3. Appraisal work will be performed under the requirements set forth in [EPG 236.18.6 Appraisal and Appraisal Review](#).
4. Fee personnel shall be retained directly by the acquiring agency and required, by written contract, to personally perform the services contracted for, except as hereinafter provided. When services of a highly specialized nature are required to assist in the preparation of the appraisal, the employment of specialists should be handled by the acquiring agency. However, in appropriate instances such employment may be accomplished by the contract appraiser responsible for the appraisal of the entire property. If the latter course is followed, the acquiring agency shall reserve to itself the approval of the selection of the specialist by the contract appraiser.
5. The basis of payment set forth in the agreement covering more than one parcel shall not be computed on an average rate per parcel. The agreement shall itemize the actual amount to be paid per parcel, or such itemization shall be by a separate statement.
6. Provision shall be made in the agreement for a per diem rate to be paid to the fee appraiser or specialist in the event court appearances or conferences preparatory thereto become necessary. This contingent cost shall be separate and apart from the fee or the overall limit specified in the agreement for completion of the services covered by the agreement.
7. There shall be no federal reimbursement for compensation paid by an acquiring agency for revision or correction of a report required by the appraiser's or specialist's failure to comply with contract specifications and standards in the agreement.
8. There shall be no federal participation in the appraisal or specialist fee or the amount paid for a parcel where the appraisal or specialist fee is determined as a percentage of the appraised value or assessed value.
9. The amount of the fee shall represent a fair payment for the services performed whether it is for the initial valuation, a new valuation occasioned by a change in the taking, or a subsequent updating requested by the acquiring agency. In the instance of a new valuation or updating, a flat percentage of the original fee is not acceptable as representative of fair payment. Experience of the acquiring agency and any other available guides should be considered in arriving at an equitable fee. A qualified individual from the acquiring agency's right of way organization should visit the project site to identify the valuation

problem, determine the number and type of reports needed. The estimate shall be made prior to requesting a proposal from fee personnel and shall be retained in the acquiring agency's file. A predetermined schedule of fees for different types of properties may be utilized provided documentation to support such schedule(s) is available in the acquiring agency's files. In determining the basis of payment and the actual fees to be paid, consideration should be given to:

- The complexity of the appraisal or other work to be undertaken and the skills necessary to provide such services.
- The number of parcels included in the assignment.
- The amount of information and data provided fee personnel by the acquiring agency, and the extent of information that must be developed independently.

The location and conditions pertinent to the project for which the fee service is to be provided. The time allowed for performance of the assignment.

8.11.3.2 Approval of Contract: As outlined above, fee personnel shall be retained directly by the acquiring agency and required, by written contract, to personally perform the services contracted for, except as hereinafter provided. The applicable MoDOT district office shall monitor and when necessary provide guidance to the agency in its contracting practices to ensure that the (1) contract form substantially complies with requirements of this article, and (2) contract is with a qualified appraiser.

A sample contract for fee appraisal services is included as [Form 236.18.11.2](#). Contact the local MoDOT district office for assistance, if necessary.

8.11.4 Contract Fee Review Appraiser

8.11.4.1 General Requirements:

1. The MoDOT district office may approve the use of a fee review appraiser when it has been determined the local agency is not adequately staffed to perform this service.
2. Individuals proposed and used to approve just compensation shall be on the [Roster of Approved Contract Appraisers](#) which is updated annually. The Roster indicates individuals who are generally qualified to perform the review function. Other individuals on the Roster may be approved to review for individual projects.
3. Appraisal review work will be performed under the requirements set forth in [EPG 236.18.11 Right of Way Services Through Contract](#).
4. Amounts established by Contract Review Appraisers as the estimate of just compensation must be approved by an appropriate official of the responsible acquiring agency prior to the initiation of negotiation. This function cannot be delegated to contract review appraisers or consultants.

5. The employment of fee review appraisers shall be by written contract.
6. The amount of the fee set forth in the contract should be established on a per appraisal basis and shall not be computed on an average rate per appraisal nor determined as a percentage of the appraised, concluded or assessed value.
7. The appraisal review fee shall represent fair payment for the work performance whether it is for the initial estimate of just compensation (EJC) a new EJC occasioned by a change in the taking or a subsequent updating requested by the acquiring agency. A flat percentage of the original fee is not acceptable for a new EJC or updating. An estimated fee per appraisal should be developed by a qualified individual or from other available information before requesting a proposal(s) from qualified fee personnel. The estimated fees shall serve as a basis for negotiating the fee to be paid under the contract. Competitive solicitation of bids may also be used as an alternative procedure where there are a sufficient number of qualified fee personnel available to constitute a competitive environment.
8. Provision shall be made in the agreement for a per diem rate to be paid to the review appraiser in the event court appearances or conferences preparatory thereto become necessary. This contingent cost shall be separate and apart from the fee or the overall limit specified in the agreement for completion of the services covered by the agreement.
9. There shall be no federal reimbursement for compensation paid by an acquiring agency for revision or correction of a review report required by the reviewer's failure to comply with contract specifications and standards in the agreement.

8.11.4.2 Approval of Contract: As outlined above Fee personnel shall be retained directly by the acquiring agency and required, by written contract, to personally perform the services contracted for, except as hereinafter provided. The applicable MoDOT district office shall monitor and when necessary provide guidance to the agency in its contracting practices to ensure that the (1) contract form substantially complies with requirements of this article, and (2) contract is with a qualified appraiser capable of appraisal review.

A sample contract for contract fee review appraiser is included as [Form 236.18.11.3](#).

8.11.5 Contract Fee Negotiator

8.11.5.1 General Requirements:

1. Employment of fee negotiators shall be only by written contract.
2. The amount of the fee shall be determined on a parcel basis, and shall not be determined as a percentage of fair market value. The fee shall represent a fair payment for the work performed.
3. Provision shall be made in the contract for a per diem rate to be paid to the negotiator in the event court appearances or conferences preparatory

thereto become necessary. This contingent costs shall be separate and apart from the fee on the overall limit specified in the contract for completion of services covered by the contract.

4. Fees may be proposed on an hourly rate plus mileage, but a maximum project total must also be included in the proposal.

8.11.5.2 Approval of Contract: A sample contract for fee negotiator services is included as [Form 236.18.11.4](#).

As outlined above Fee personnel shall be retained directly by the acquiring agency and required, by written contract, to personally perform the services contracted for, except as hereinafter provided. The applicable MoDOT district office shall monitor and when necessary provide guidance to the agency in its contracting practices to ensure that the (1) contract form substantially complies with requirements of this article, and (2) contract is with a qualified negotiator.

Experience in eminent domain negotiations is preferred and strongly recommended. A current real estate agent or broker license is now required in the state of Missouri. For a list of approved fee negotiators see [EPG 236.7 Negotiation](#).

8.11.6 Contract for Total Right of Way Services

8.11.6.1 General Requirements:

1. A local agency may elect to obtain fee services for total right of way services or combination of services from qualified contractors.
2. A determination shall be made by MoDOT district Office that the local agency is not staffed to perform the required services.
3. The qualifications of contractors must be examined by MoDOT district office to determine their capability to perform the services to be contracted.

8.11.6.2 Approval of Contract: Contact the local MoDOT district office for specific instructions.

The contract form for services being contracted shall incorporate all applicable requirements and contract provisions from this article.

8.11.7 Contracting with Engineering Consultants for Right of Way Services

8.11.7.1 General Requirements:

1. A local agency may provide for right of way services through an engineering contract whereby the engineering firm is adequately staffed with qualified personnel to perform the various right of way functions. The engineering firm may also subcontract for all or part of the right of way functions from qualified sources.
2. The MoDOT district office shall first make a determination that the local agency is not staffed to perform the necessary right of way services. The MoDOT district office shall also determine if the engineering firm is adequately staffed with qualified personnel to perform right of way services or that proposed subcontractors performing these services are qualified.

8.11.7.2 Contract and Subcontract Requirements: Engineering consultant contracts and subcontractors providing for right of way services shall incorporate all applicable requirements and contract provisions from this article.

8.11.7.3 Approval of Contracts: As outlined above Fee personnel shall be retained directly by the acquiring agency and required, by written contract, to personally perform the services contracted for, except as hereinafter provided. The applicable MoDOT district office shall monitor and when necessary provide guidance to the agency in its contracting practices to ensure that the (1) contract form substantially complies with requirements of this article, and (2) contract is with a qualified engineering consultant.

8.12 Property Management

8.12.1 General: By definition, property management is managing and administering property acquired for construction project purposes so that the public interest is served. The Local Public Agencies (LPAs) are responsible for ensuring adequate control and effective administration of lands and improvements acquired for right of way purposes.

The LPA responsible for property management must handle such activities in a manner consistent with federal and state requirements. The LPAs program should be carried out in a manner that assures the maximum public benefit.

8.12.2 Property Management During the Acquisition Phase: Just as any privately operated management firm, the acquiring agency is responsible for the preservation of improvements and for the reasonable safety measures relative to the preservation of the acquired property and protection of lawful occupants when it has acquired ownership and possession of property.

Local Public Agencies must maintain an inventory of all improvements acquired, how these improvements are disposed of, an accounting of management expenses and rental receipts received and recovery payments for disposition of improvements and rodent control.

Income from rents received during the acquisition phase of the project, are credited against project costs.

8.12.3 Post-Construction Property Management

8.12.3.1 Disposal of Property: Disposal of right of way no longer required in a Federal-aid project after clearance certification requires specific MoDOT approval. Value is to be determined by the appraisal process. Disposition may be by public sale or negotiations depending on the situation. The net proceeds from any disposal must be used on projects eligible for funding under 23 USC.

If uneconomic remnants, were acquired with federal funds participation, the federal share must be refunded when the remnant is sold.

8.12.3.2 Leasing

1. Leasing of Airspace, Land or Right of Way

Property located within the right of way lines of a project is considered to be right of way airspace. Federal regulations require that the LPAs charge fair market value for the sale, use, lease, or lease renewals of right of way airspace that was acquired in whole or in part with federal assistance.

Regulations provide for use of airspace for non-highway purposes above, at, or below the highways established grade line. Airspace can be put to both public and private uses such as parks, parking etc. When an agency contemplates use of airspace they must consult with MoDOT district office for guidance. Specific approval from MoDOT is required and rates for leasing airspace are to be determined based upon fair market rental rates.

Net income from funds derived from leasing of airspace are to be used on future Federal-aid projects eligible for funding under 23 USC.

If right of way and/or uneconomic remnants were acquired with federal funds participation, the federal share must be refunded when the remnant is leased.

2. Leasing of Excess Right of Way

Acquired property located outside of the right of way limits and that is no longer needed in connection with maintaining an existing roadway or for construction of a future project is considered to be excess ROW. Federal regulations require that properties purchased with federal assistance, but not directly need for program purposes, be disposed of as soon as

practical. Federal regulations require that the LPAs charge fair market value for the sale or lease of this property.

The LPA will need to obtain MoDOT approval to lease or sell right of way. The LPAs request to MoDOT must explain why the right of way is no longer needed, and include a plan which identifies the right of way to be disposed of, including access control, in relation to the construction features and remaining right of way.

It must be emphasized that the release of access control is a disposal of a property right and must be treated accordingly.

The fair market value is to be determined by the appraisal process. Disposition may be by public sale or negotiations depending on the situation. Net income from funds derived from leasing of airspace are to be used on future Federal-aid projects eligible for funding under 23 USC.

8.12.4 Trail License Agreements: The permit for work on the right of way that we assume with the programming agreement does not allow for continued use of the right of way. It generally expires at the end of the construction of the project. If there is any permanent structure or trail on the right of way, a Trail License Agreement should be in place. MoDOT needs an agreement in place to protect the Commission for the use that is occurring.

Trail License agreements, Airspace agreements, and Lease agreements put this protection in place by maintaining an insurance requirement. For more information you may view the MoDOT RW policy in [EPG 236.5.25 Leases and Airspace License Agreements](#).

This also gives the Central Office Right of Way Section the opportunity to capture the information into their Realty Asset Inventory (RAI) database for maintenance of required inspections and or insurance.

Leases are structured for a five (5) year term (or less when appropriate). Trail License and Airspace agreements are generally structured to be in place for longer than the standard five (5) year Lease.

Trail agreements contain language to prohibit Commission owned property from being converted to 6f or 4f property. This restriction can aid MoDOT in avoiding difficulties later and ensure that state right of way is not considered parkland.

If the trail is going to be built on the interstate system, then FHWA must approve the plans.

Standard Liability insurance is currently set by statute. Please see your district representative for the current limits per individual and per occurrence. If there is a problem securing the current limits of insurance, please discuss it with the MoDOT district RW representative. MoDOT will review the location, risk and liability before signing the Trail License Agreement.

If the trail will be constructed above, below, or around a bridge or similar structure, MoDOT will do a risk evaluation called a Security Assessment Form. This will look at the proximity to vehicle traffic and the general public, and what inherent dangers there are in having the trail in this location.