



North Carolina Department of Transportation
Division of Highways

Right of Way

NCDOT Real Estate Appraisal Standards and Legal Principles

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NCDOT Real Estate Appraisal Standards and Legal Principles

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5.100 - Purpose Of The Appraisal

The North Carolina Department of Transportation is required by law to reimburse each landowner from whom property is acquired for highway purposes to the extent of the loss, if any, between the market value of the real property immediately before the acquisition and the market value of the real property immediately after the acquisition. Real estate appraisals are developed following NCDOT Real Estate Appraisal Standards and Legal Principles, North Carolina State Law, and the Uniform Standards of Professional Appraisal Practice (USPAP). Real estate appraisals and Value Findings are used as a basis for negotiations with property owners and to support the Department's request for reimbursement of right of way costs from the Federal Highway Administration.

5.101 - Confidentiality Of Appraisals

An appraisal is a confidential communication between the appraiser and the Department of Transportation, the North Carolina Attorney General's Office, and the Federal Highway Administration. In no instance shall the appraiser divulge the specifics of any appraisal to any unauthorized person without written permission from the NCDOT, except as directed by a court of law.

5.102 - Items To Be Furnished To The Appraiser

At the time of appraisal assignment, the fee or staff appraiser shall be furnished the following:

- 1) NCDOT Appraisal Guide
- 2) Appraisal Request Summary Sheet, Form FRM4-B
- 3) Form F Information Sheet, Form FRM4-H

Note: It shall be the responsibility of the appraiser to verify the information on Form FRM4-B and Form FRM4-H. Errors found should be reported immediately to the Area Appraiser. Under no

circumstance shall the appraiser make any changes to the forms without the prior approval of the Area Appraiser. Occasionally, it may be necessary to classify an improvement as either personal property or real estate. Ultimately, it is the responsibility of the State Appraiser to make this final determination with a recommendation from the Area Appraiser. The Area Appraiser may use Form FRM5-L, Equipment Considered Real Property – Fixed and Form FRM5-M, Equipment Considered Real Property – Realty to assist this process.

- 4) Any title information which may affect the value of the property if not listed on Form F
- 5) An explanation of the property rights to be acquired
- 6) An explanation of any construction features or other adjustments to the property, which may mitigate damages
- 7) Right of way plans
- 8) Cross sections
- 9) A sketch of the property to be appraised showing, if a **total acquisition**, property enclosure, location of improvements, and other significant features of the property if not otherwise provided on the right of way plans.
- 10) A sketch of the property to be appraised showing, if a **partial acquisition**, property enclosure, the area to be acquired, location of improvements affected by the acquisition, the area of each remainder, and any other significant features affected by the acquisition if not otherwise provided on the right of way plans.

5.103 - Interpretation Of Highway Plans

The appraiser is responsible for evaluating the highway plans for use in the appraisal report. Any inquiries by the appraiser, regarding the highway plans, should be directed to the Area Appraiser.

5.104 - The Narrative Appraisal Format

The NCDOT Appraisal Guide pertains primarily to the narrative appraisal report. All appraisal reports must follow the sequence outlined in the Appraisal Guide.

5.105 - Appraisal Summary Sheet

The Appraisal Summary Sheet, Form FRM5-H, shall be the first page of the appraisal report and shall serve as a transmittal letter to the Department of Transportation. No other cover sheet is necessary.

5.106 - Assumptions And Limiting Conditions

- 1) Hazardous Material Statement - Unless otherwise stated in the appraisal report, the subject property is being appraised as though free of hazardous material.
- 2) Americans with Disabilities Act - The appraiser has not considered compliance and or noncompliance issues with respect to the Americans with Disabilities Act (ADA).
- 3) Jurisdictional Exception – “An assignment condition that voids the force of a part or parts of USPAP, when compliance with a part or parts of USPAP is contrary to law or public policy applicable to the assignment.” (USPAP, January 1st, 2008). The use of the Value Finding, which is dictated by the Federal Highway Administration and the NCDOT is an example of Jurisdictional Exception.

Note: The appraiser is encouraged to provide any additional assumptions and limiting conditions deemed necessary.

5.107 - Scope Of Work

The Scope of Work for each appraisal shall be in accordance with The Uniform Standards of Professional Appraisal Practice (USPAP), and should include but not be limited to the following:

- 1) The identification of the client and intended user of the appraisal
- 2) The intended use of the appraisal
- 3) The type and definition of value

Note: When, in the opinion of the appraiser, an improvement is unaffected by the project, an estimated contributing value may be assigned to that unaffected improvement. Under this circumstance, a physical inspection, a detailed cost breakdown, and photographs of the unaffected improvement are not necessary. The estimated contributing value shall not be the improvement's ad valorem tax value, since it may not be admissible in a court of law. The estimated contributing value may be supported by the appraiser's experience, local building cost and cost service information, knowledge of the market area, and public information. The source of the cost information relied upon by the appraiser shall be included in the appraisal report. If it is determined at a later date that an improvement is affected by the project, then the appraiser shall inspect the improvement and provide an amended value conclusion.

- 4) The effective date of the appraiser's opinions and value conclusions
- 5) The development of an opinion of reasonable market exposure time linked to the value opinion
- 6) The identification of the specific parcel of real estate and the property rights that are to be appraised
- 7) The extent of inspection, if any, of the subject property and the market area

- 8) The type and extent of research of the market for comparable sales and other relevant information
- 9) The type and extent of the analyses used to arrive at opinions and value conclusions
- 10) An indication of which approach or approaches to value (Cost, Sales Comparison, and Income) were used and which were not and why
- 11) An indication of the form of reporting (Self-Contained or Summary) that was used to communicate the appraisal findings

Note: Restricted Use and Oral appraisal reports are not acceptable to the NCDOT.

5.200 - Inspection Of The Subject Property

Federal Statutes make it a requirement that the property owner or their representative be given an opportunity to accompany the appraiser during the inspection of the property. The appraiser shall contact the property owner personally, unless relieved of this responsibility by the Area Appraiser. The appraiser shall state the date or dates of inspection of the subject property and the name of the owner or the owner's representative with whom the property was inspected. The appraiser shall explain in this section why, if an inspection is made without the owner or owner's representative being present. Absentee owners or their representatives should be given a reasonable length of time to make arrangements to be present for the inspection of the property. The appraiser shall clearly indicate the effective date of the appraisal.

The appraiser is required to fully inspect the land, and all affected improvements, which are located on the subject property. The land and improvements should be photographed with particular emphasis being given to the areas affected by the project. The inspection of the land shall always be comprehensive. The level of inspection of the improvements may vary depending on the extent of the acquisition. When improvements contribute value to the subject property and will

be affected by the highway project, the inspection shall be comprehensive. Comprehensive inspections shall include the measurement of the improvements and photographs of the interiors. As discussed under section 5.107 - Scope of Work - Item 3, if an improvement does not contribute value to the subject property and/or is not affected by the project, a physical inspection and photographs of the unaffected improvement are not necessary.

The Right of Way Agent is responsible for interpreting the highway plans for the property owner. The appraiser should not answer any questions concerning negotiating procedures and highway plans. Any inquiries to the appraiser by the property owner, regarding the highway plans, should be directed to the right of way agent. The appraiser may discuss the appraisal process; however, the appraiser shall not discuss real estate value with the property owner.

5.201 - Description And Analysis Of The Market Area

The data included in this section should relate the four forces affecting value (economic, social, physical, and governmental) to the subject property and its market area. The description and analysis of the market area will vary with the complexity of the property and the magnitude of the appraisal problem. The appraiser shall indicate significant trends, which may affect the subject's market area.

Note: It is improper to base a conclusion or an opinion of value upon stereotyped or biased presumptions relating to race, color, creed, religion, gender, age, or national origin.

5.202 - Description Of The Land

The appraiser shall completely describe the subject land including, but not limited to, the following items:

- 1) Location
- 2) Size

- 3) Shape
- 4) Road Frontage
- 5) Access
- 6) Topography
- 7) Physical Appearance
- 8) Dimensions
- 9) Available Utilities
- 10) Flood Plain
- 11) Wetlands and Stream Buffers
- 12) Soil Types
- 13) Drainage
- 14) Present Use
- 15) Timber and Mineral Deposits
- 16) Easements and Encroachments
- 17) Air Rights
- 18) Allotments
- 19) Observed Hazardous Material

5.203 - Description Of The Improvements

The appraiser is required to describe all improvements on the subject property. The level of description may vary depending on the extent of the acquisition. When the improvements contribute value to the subject property and will be affected by the highway project, the description shall be comprehensive. As previously stated, if an improvement does not contribute value to the subject property and/or is not affected by the project, a physical inspection and photographs of the unaffected improvement are not necessary. The description of the improvements should include, but not be limited to, the following items:

- 1) Present Use
- 2) Type and Quality of Construction
- 3) Chronological & Effective Ages
- 4) Condition
- 5) Size
- 6) Number and Type of Rooms
- 7) Observed Deferred Maintenance Items
- 8) Fixtures and Equipment

5.204 - Zoning

The appraiser shall indicate the applicable zoning jurisdiction, classification, allowable uses, and requirements of the subject property. In addition, the appraiser shall state the probability and potential classification of any future zoning change. The appraiser shall include a statement indicating whether or not the subject property is in compliance with existing zoning requirements.

5.205 - Property Tax

The appraiser shall report the subject property's ad valorem tax ID number, value, annual tax burden, and date of last evaluation. The ad valorem tax value shall be allocated between the land and improvements. If there is a substantial difference between the appraised value of the subject property and the ad valorem tax value, or when the ad valorem tax value is higher than the appraised value, the appraiser shall comment on the difference.

5.206 - Public And Private Restrictions

The appraiser shall discuss public and private restrictions affecting the subject property. Examples include, but are not limited to, the following:

- 1) Deed Restrictions
- 2) Easements and Encroachments
- 3) Health Department Regulations
- 4) Wetlands and Stream Buffers
- 5) Restrictive Covenants

5.207 - History Of The Subject Property

The North Carolina Department of Transportation and the Federal Highway Administration require a five-year history of the subject property. The history shall include, but not be limited to, the following:

- 1) Any sale or listing of all or part of the subject property
- 2) Any other conveyance of all or part of the subject property
- 3) Zoning changes

- 4) Changes in building improvements
- 5) Current or expired building permits

5.208 - Highest And Best Use

The appraiser must state and support their opinion of the highest and best use of subject property. The appraiser shall indicate whether the property's highest and best use is consistent with its present use and its present or proposed zoning classification. The appraiser is cautioned to estimate the market value of the subject property based on highest and best use, not zoning classification. When the highest and best use of the property as if vacant and as improved are not the same, and the value of the property as improved is greater than the value as if vacant, the present use is an interim use. If the value of the site as if vacant is greater than the value of the property as improved, plus the demolition cost to remove the present improvements, then the highest and best use of the property is as vacant.

5.209 - Valuation Of The Subject Property Before The Acquisition

The appraiser must estimate the before value of the subject property assuming no knowledge of the project.

5.210 - Comparable Sales And Leases

Comparable sales and leases used in the appraisal report shall be presented on NCDOT Comparable Sale Form, FRM5-G, with all requested information being provided. Either the grantor, grantee, lessor, lessee, or an agent (broker/attorney) handling the transaction shall confirm all comparable information. However, it is preferable that both the buyer and seller or lessor and lessee confirm all comparable sales and leases. A minimum of three comparable sales, and leases if necessary, are required for each valuation method used. If a sale of the subject property is deemed to be comparable, then it may be used as one of the minimum three required sales. If a sale of the subject property is not used, the appraiser must explain why. If

current listings of comparable properties are used, they must be in addition to the minimum three comparable sales. A summary of the appraiser's comparable sales analysis is to be exhibited in chart form. The chart shall be accompanied by a narrative explanation of the analysis and justification for any and all adjustments. Comparable sales, which include a condemning authority as either a grantee or grantor, are not admissible as evidence in court and are not to be used in NCDOT appraisals.

5.211 - Cost Approach

The Cost Approach is particularly useful in condemnation appraising. This approach allows fair compensation for partial acquisitions, where only a portion of the land and improvements is being affected. The Cost Approach shall include a value estimate for the land separate from the value of the improvements. The appraiser is required to develop a reproduction cost estimate for each improvement affected by the highway project. Reproduction cost estimates derived from cost services shall be verified by local sources with the name of the contact being included in the report. Replacement cost estimates are not acceptable in NCDOT appraisals, except for use as a measure of functional obsolescence.

When measuring depreciation of improvements, which are affected by the highway project, the appraisal shall include the Breakdown Method accompanied by an individual explanation for each item of depreciation. When measuring the depreciation of "short-lived items" and/or site improvements, the appraiser shall present the depreciation estimate using an age/life method.

5.212 - Sales Comparison Approach

The Sales Comparison Approach is the primary approach used when valuing vacant land, and may be particularly useful in appraising the before value of improved property. The Sales Comparison Approach may also be used as a check on the Cost Approach. The appraiser shall show an allocation for land and improvements upon reconciling the final value conclusion indicated by the Sales Comparison Approach.

5.213 - Income Approach

The Income Approach is most relevant when the primary purpose of ownership of a property is for its ability to produce income. The income produced must be attributable to the real property itself and not to the owner, manager, or business operation. The appraiser is cautioned that from a real estate investment perspective, not all commercial property is income producing. The appraiser shall show an allocation for land and improvements upon reconciling the final value conclusion by the Income Approach.

5.214 - Reconciling Before Value Indications

When two or more approaches to value are used, the appraiser shall reconcile them into one final value conclusion. For NCDOT purposes, the appraiser must select the indication of value from the approach most relied upon and use that dollar amount as the final estimate of value. The selection of a single value indication from one approach aids the NCDOT in the allocation of value between land and improvements. The appraiser shall show an allocation between land and improvements in the final reconciliation.

5.215 - Description Of The Acquisition

The appraiser shall describe the property to be acquired under three subheadings:

- 1) Land - A physical description of the land to be acquired will be made including but not limited to size, shape, location and type of use.
- 2) Easements Outside the Right of Way - The appraiser shall describe separately any additional areas to be acquired outside the right of way designated as slopes, drainage, permanent utility, or construction easements. An easement outside the proposed right of way is a partial acquisition of property rights and not a fee simple acquisition or a damage to the remainder. The value of the easements acquired shall be accounted for in the all ocaation as land acquired and not damages.
- 3) Improvements – The appraiser shall describe all improvements to be acquired by the project. The appraiser shall specifically note whether any water supply and/or septic system will be acquired.

Note: In the event that the boundaries of the property being appraised fall entirely within the limits of the right of way, a statement describing the acquisition as a total acquisition will suffice. The description of the acquisition shall correlate with the magnitude of the appraisal problem.

5.216 - Description Of The Remainder And Effects Of The Acquisition

The appraiser shall describe in detail the remaining land and improvements assuming completion of the highway project. The description shall include the items as specified in sections 5.202, Description of the Land and 5.203, Description of the Improvements.

The appraiser shall clearly explain the changes that have occurred to the remainder as a result of the project. When the remainder property is essentially the same as in the before condition, a statement to that effect shall be included and a detailed description of the remainder is not necessary.

The appraiser shall discuss, in detail, the effects of the right of way acquisition including easements on the remainder. The appraiser shall elaborate on factors such as distance of the improvements from the existing and proposed R/W, legal control of access, physical accessibility, change in grade, cuts and fills, effect on water and sewer, change in use, isolation, severance, noise, and any other factor, which in the opinion of the appraiser, will affect the market value of the remainder in the after condition. The appraiser must analyze the highway plan cross-sections and discuss the effect of the project's elevation on the remainder. When considering the effects of an acquisition, the appraiser shall refer regularly to those sections of the General Legal Principles dealing with compensable and noncompensable damages and benefits.

5.217 - Highest And Best Use Of The Remainder

The appraiser must state and support their opinion of the highest and best use of remainder assuming completion of the highway project. If the acquisition has caused a change in highest and best use, the appraiser shall state the change, support their opinions and conclusions, and comment on any probable zoning changes. As in the before condition, the appraiser is cautioned to determine market value based on highest and best use and not zoning. If, in the opinion of the appraiser, the highest and best use of the property after the acquisition is the same as before the acquisition, a statement to that effect will suffice.

5.218 - Partial Acquisition Of Building Affidavit

When a structure is **partially** located within the proposed right of way and/or easement boundaries, the Area Appraiser shall secure a Partial Acquisition of Building Affidavit, Form FRM5-Q. An affidavit is not necessary when the structure is located **entirely** within the right of way and/or easement boundaries.

Independent Fee Appraisers - Affidavits related to appraisal assignments from independent fee appraisers shall be included as the second page of the appraisal, and shall be placed after the Appraisal Summary Sheet.

NCDOT Staff Appraisers - Affidavits related to appraisal assignments from staff appraisers must be prepared by independent fee appraisers as required by statute. It is the responsibility of the staff appraiser to include the affidavit as the second page of the appraisal prior to submitting the report for review.

5.219 - Valuation Of The Subject Property After The Acquisition

The appraiser must estimate the after value of the remainder assuming completion of the highway project. The appraiser is cautioned to appraise the remaining property, not the acquisition. Merely subtracting the value of the part acquired from the estimate of before value to arrive at the after value renders the report unacceptable.

When easements are acquired, the appraiser must remember that this is a partial acquisition of property rights and not a fee simple acquisition or a damage to the remainder. When determining the after value, the appraiser must appraise the property as if the project is complete and all of the easements have been acquired.

5.220 - Reconciling After Value Indications

As in the before condition, when two or more approaches to value are used, the appraiser shall reconcile them into one final value conclusion. For NCDOT purposes, the appraiser must select the indication of value from the approach most relied upon and use that dollar amount as the final estimate of value. The selection of a single value indication from one approach aids the NCDOT in the allocation between land and improvements. It is not acceptable for the appraiser to select a value conclusion within the range of the approaches to value. The appraiser shall show an allocation between land and improvements in the final reconciliation.

5.221 - Difference Between Before And After Values

When the appraiser's estimate of value of the property remaining immediately after the acquisition is less than the value of the entire property immediately before the acquisition, the difference represents a loss in value attributable to the acquisition. In the event the value of the property after the acquisition exceeds the value of the property before the acquisition, the difference represents benefits to the remainder. When an after value reflects benefits to the remainder, the value should be indicated in the appraisal report, and "Benefits" should be shown on the Summary Sheet as the "Difference Between Before and After Value."

5.222 – Allocation

The appraiser shall account for the difference between the before and after values by allocating the difference to land, improvements, damages to the remainder, and benefits, if any. The total of the allocation should equal the difference between the before and after values.

If any improvement on the property being appraised is tenant-owned, a disclaimer must be signed by the property owner in order to breakout separately the value of the tenant owned improvements. If any portion of the property is encumbered by leasehold interests

involving billboards or federally leased property such as post offices, military installations, and federal agencies, then the appraiser shall show, in the Allocation, separate values for these items.

Example:

Value of Land Acquired	\$000
Value of Improvements Acquired	\$000
Damages to Remainder	\$000
Benefits to Remainder	<u>\$000</u>
Difference Between Before and After Values	\$000

5.223 - Appraisal Report Addenda

The Addenda of the appraisal report shall contain, but not be limited to, the following data and/or exhibits.

- 1) Photographs of the Subject Property - The appraisal report shall contain a sufficient number of photographs of the land, any improvements, features, or unusual conditions of the subject property, which are affected by the project. The appraiser should select positions, which show all sides of any affected improvement(s), as well as the land area to be acquired. Each photograph is to be properly identified by the following: date photograph was taken, by whom, position taken from, and direction of view. When any improvement is affected or acquired by the project, the appraiser should provide interior photographs.
- 2) Sketch of the Subject Property - The sketch shall include the areas, boundaries showing total enclosure, and dimensions of subject property with any existing roads and/or other means of access, all buildings, and other improvements. In addition, the sketch shall include a North arrow, project and parcel numbers, owner's name, and any other important property features. Subject photographs shall be illustrated on the sketch by indicating the photograph number and position and direction from which the photograph is taken. The sketch does not need to be to scale. The sketch shall include an illustration of the proposed right of way acquisition. Use of the highway plans as an illustration of the proposed

- acquisition is encouraged; however, if the highway plans do not include a total enclosure of the property a separate sketch including a total enclosure is necessary.
- 3) Floor Plan of Improvements - A floor plan showing dimensions, size, and shape of all structures located within the right of way limits or which are affected by the acquisition shall be included. The distance between the existing and/or proposed right of way lines and any affected structure is required and shall be shown on the property sketch, the floor plan drawings, or both.
 - 4) Comparable Sales (Form FRM5-G) - Photographs and property sketches of comparable sales and leases shall be presented on Form FRM5-G. The sketch shall indicate a close approximation of the property boundaries, land area, any existing highways and/or other means of access, and a North arrow if the sketch is not already oriented to the north. Sketches of comparable sales do not need to be to scale. It is important to be able to locate the property from the sketch provided.
 - 5) Location Map - A legible and detailed location map showing the exact location of the comparable sales and leases referred to in the appraisal shall be provided. The map shall show the location of the subject property in relation to the comparable sales and leases. It is important to be able to locate the property from the location map provided.
 - 6) Additional Exhibits - The appraiser is encouraged to include any additional exhibits, such as subdivision maps, deeds, tax maps, zoning maps, aerial photographs, or other data, which will enhance the appraisal report.

5.224 - Certificate Of Appraiser

The appraiser is required to include a completed Certificate of Appraiser, Form FRM5-J as the last page of the appraisal report.

5.225 – Right of Way Transmittal Summary

The Right of Way Transmittal Summary Form, FRM5-K, is intended for use with all claims except where damages to the remainder other than “Cost to Cure” will exist. This form along with the reporting requirements under Standard Rule 2-2 of the Uniform Standards of Professional Appraisal Practice (USPAP) is an appraisal report. This Right of Way Transmittal Summary Form is used to acquire fractional interests when claims involve acquisitions that have no associated damage to the remainder greater than the “Cost to Cure”. It is the Area Appraiser’s responsibility to determine when the Right of Way Transmittal Summary will be used. When improvements, such as asphalt, concrete and fencing are to be acquired, the appraiser shall provide a basic RCN less depreciation for the improvement. For example, when 200 SF of asphalt is acquired, the appraiser shall show: 200 SF of asphalt x \$3.00/SF less 30% depreciation equals \$420. Value estimates for wells, septic systems and landscaping shall be lump-sum RCN values. The value of indigenous landscaping shall be included in the land value.

The Right of Way Transmittal Summary addenda shall include a copy of the project plans showing the acquisition areas, total property sketch (if not shown on project plans sketch), zoning map, flood map, subject deed, subject tax card, land comparable sales along with location map, photographs of the subject property, assumptions and limiting conditions (if any), and the Certificate of Appraiser. The appraiser is encouraged to attach a paragraph of further explanation when needed.

5.226 – Appraising NCDOT Residue/Surplus Real Estate

Assemblage Value as it relates to NCDOT residue/surplus real estate is defined as, “the additional highest value contributed to an adjoining property by combining the residue with the adjoining property, which maximizes the residue’s highest and best use and value contribution.” The “adjoining property” shall first be appraised without the residue to arrive at the before value. Then, the residue shall be combined with the “adjoining property,” creating a new larger parcel in the after condition. The appraiser shall then appraise the new larger parcel to arrive at the after value. The resulting increase in value is the assemblage value of the NCDOT residue. In no case shall the

assemblage value be less than the residue's stand-alone market value.

Note: As stated in the Assemblage Value definition above, the appraisal process for NCDOT residue/surplus real estate is essentially the reverse of the appraisal process for acquisitions.

Market Value as it relates to NCDOT stand-alone residue/surplus real estate is defined as, "the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress." *Appraisal Institute Dictionary of Real Estate Appraisal, 4th Edition, Page 177.

5.227 – Valuing NCDOT Enhancements

Enhancement Value is defined as, "the additional highest value contributed to a subject property as a result of some action by the NCDOT." Examples of enhancements may be, but are not limited to the following: a break in control of access or a realignment of an existing road. As with residue appraising, the subject property shall first be appraised without the NCDOT action to arrive at the before value. Then, the subject property shall be appraised with the NCDOT action to arrive at the after value. The resulting increase in value of the subject property is the enhancement value.

Note: As stated in the Enhancement Value definition above, the appraisal process for NCDOT enhancements is essentially the reverse of the appraisal process for acquisitions.

5.228 - Form Appraisal Reports

Form appraisal reports may be assigned at the discretion of the Area Appraiser. Approved appraisal forms should include, but not be limited to, the following items in the order specified below:

- 1) Appraisal Summary Sheet (Form FRM5-H)

- 2) Written explanation of the inspection and history of the subject property*
- 3) Approved appraisal form with required attachments (seal not required)
- 4) Photograph of Subject Property*
- 5) Sketch of Subject Property*
- 6) Floor Plan of Improvements*
- 7) Comparable Sales (Form FRM5-G)
- 8) Location Map*
- 9) Certificate of Appraiser (Form FRM5-J)

* Refer to previous explanations in the Guide for required level of detail.

5.229 – Appraiser’s Electronic Transmission Of The Appraisal Report And Value Finding

All appraisals and Value Findings are required to be electronically transmitted to the Area Appraiser. The appraisal must be digitally formatted using software specified by the NCDOT. The Appraisal Summary Sheet and Certificate must be electronically signed, dated, and sealed as required by the North Carolina Appraisal Board.

5.230 - Mineral Deposits And Timber

When land containing mineral deposits and/or timber is acquired, the measure of compensation is the market value of the land including the minerals and/or timber. These items cannot be valued as potential merchandise. Land sales of similar properties containing similar mineral deposits and/or stands of timber should be used to estimate

the value of the subject property before and after the acquisition. Timber cruises and geological studies are sometimes necessary for supporting the estimated contributing value of the mineral deposits and/or timber.

5.231 - Timber Valuation

In some cases it may be necessary or advisable to make a determination of timber value separate from the land. The responsibility for obtaining a timber cruise shall rest with the Area Appraiser. The timber cruise may include all or a portion of the merchantable timber located on the subject property. The appraiser shall include a copy of the timber cruise and a discussion of the information included in the timber cruise in their appraisal report. The Area Appraiser should write a cover letter explaining the reason for the timber cruise and how the timber cruise is incorporated into the appraisal report. The cover letter should be attached to the appraisal report.

Retention Value of timber is defined as the value of the merchantable timber located within the proposed right of way. If the owner is permitted to retain and cut this timber, then the value of the timber should be excluded from the difference indicated by the appraisal report.

5.232 - Equipment And Machinery

The State Appraiser, with a recommendation from the Area Appraiser, is responsible for determining whether an item is personal or real property. When it is determined that an item is real property then the appraiser will be given Forms FRM5-L and/or FRM5-M, as needed. The appropriate form(s) shall be included in the appraisal report. The total contributing value of the equipment and/or machinery shall be added to the value of the other improvements. The total value shall be presented in such a way so that it clearly indicates the individual value contributions of the equipment, machinery, and the other real property, as separate ownership may be involved. All questions regarding these issues shall be directed to the Area Appraiser.

5.233 – Valuation Of Outdoor Advertising Signs

Outdoor advertising signs shall be appraised when designated as real estate on the Appraisal Summary Sheet, Form FRM5-H. Questions regarding the classification of outdoor advertising signs as personal property or realty should be directed to the Area Appraiser.

5.234 – Valuation Of Leasehold Interests

Appraisals of leasehold interests shall be in accordance with the General Legal Principles as set forth in this Appraisal Guide.

When appraising property leased to federal agencies, the leasehold interest shall be appraised and assigned a separate value. Please refer to NCDOT Right of Way Manual, Section 10.58.

5.300 - Appraisal Review

All appraisals and Value Findings obtained by the NCDOT must be reviewed for conformity with NCDOT Real Estate Appraisal Standards and Legal Principles and Uniform Standards of Professional Appraisal Practice (USPAP).

The Review Appraiser is required to complete a desk review of each appraisal, accompanied by a field inspection of each subject parcel and each comparable sale and/or lease. The review appraiser may approve, adjust, or not approve any appraisal obtained by the NCDOT. In addition, the review appraiser may recommend obtaining an additional appraisal. In the event an appraisal needs to be corrected; the Review Appraiser will notify the staff or fee appraiser indicating which items need to be corrected. After corrections have been made, the entire appraisal shall be resubmitted electronically to the Area Appraiser.

Once an appraisal has been reviewed, the Review Appraiser's conclusions shall be communicated using a Review Summary, Form FRM5-R, review letter, or review letter of adjustment. The Review

Appraiser has the authority to approve appraisals establishing compensation up to and including \$500,000. Appraisals showing compensation in excess of \$500,000 up to and including \$1,000,000 are referred to the Area Appraiser. All appraisals showing compensation in excess of \$1,000,000 are referred to the State Appraiser with a recommendation from the Area Appraiser. The State Appraiser has the authority to approve, adjust, or not approve any appraisal report.

5.301 – The Review Certification

After an appraisal has been reviewed and approved or recommended for approval, the Review Appraiser shall prepare a Review Certification, Form FRM5-S. The Review Certification shall be attached to the front of the appraisal report. The Review Appraiser shall indicate whether or not the remainder or any portion of the remainder is considered an uneconomic remnant by checking the appropriate box under the date of the certification. If more than one remainder exists, the Review Appraiser should specify which remainder is/are classified as uneconomic.

5.400 - Internal Transmittal Of Appraisals

Transmittal of approved appraisals within the NCDOT will be completed electronically. The Area Appraiser will transmit the approved appraisal to the NCDOT server. Upon transmittal, an email notification will be sent to the State Appraiser and to the Division Right of Way Agent. Email notification will also be sent to the Attorney General's Office and other field right of way agents as necessary.

Printed file copies of all appraisals will be retained in the Area Appraiser's office. These files will be made available for inspection to authorized representatives of the Right of Way Branch and the Federal Highway Administration. Upon receipt of a tabulation request from the Division Right of Way Agent, indicating that the claim has been SETTLED, the Area Appraiser will dispose of the contents of the office file.

5.401 - Cooperation With Negotiators

Any negotiator's questions regarding an approved appraisal shall be directed through the Area Negotiator to the Area Appraiser. In some cases, it may be advisable for the Area Appraiser to arrange a conference with the negotiator at the time an appraisal is approved for negotiation. Such a conference might be helpful in explaining something unusual about the appraisal or something that might be of particular benefit during negotiations.

5.402 - Conflicts Of Interest

Conflicts of Interest shall be governed by the Ethics Rule under USPAP, and the General Statutes of North Carolina, GS 136-13.

5.403 – The Preliminary Parcel Study

The Area Appraiser shall use the Preliminary Parcel Study, Form FRM5-P, to record a preliminary inspection of each parcel to be appraised.

5.404 – The Staff Appraisal Assignment

The staff appraiser will receive a work assignment on the Staff Appraisal Assignment, Form FRM5-N. When necessary, the staff appraiser shall request an extension of assignment from the Area Appraiser. The appraisal of property owned by Department of Transportation employees shall be assigned to independent fee appraisers only.

5.405 – Qualifications Of Fee Appraisers

Fee Appraisers employed by the NCDOT must be Certified by the North Carolina Appraisal Board. Evidence of State Certification shall be submitted to the NCDOT appraisal section annually.

5.406 – The Experience Questionnaire

Every Fee Appraiser employed by the Department of Transportation shall submit a completed Experience Questionnaire for Fee Appraisers, Form FRM5-A.

5.407 – The Appraisal Fee Proposal

The Area Appraiser shall order an appraisal from an outside fee appraiser using the Appraisal Fee Proposal, Form FRM5-B. The appraiser shall submit a completed fee proposal to the Area Appraiser for each parcel to be appraised. Any questions regarding the appraisal premise should be directed to the Area Appraiser. Negotiations involving the appraisal fee are not permitted until the fee proposal is returned to the Area Appraiser.

5.408 – The Appraisal Contract

Once the Area Appraiser approves a fee proposal, an Appraisal Contract, Form FRM5-C, is prepared. The contract shall be signed by the appraiser and the Area Appraiser. The contract shall be attached to the Contract Transmittal, Form FRM5-D and transmitted to the State Appraiser to be approved, adjusted, or rejected.

5.409 – The Statement For Appraisal Services

Statements for appraisal services shall be submitted to the Area Appraiser on the Statement of Appraisal Services, Form FRM5-E. This statement shall be forwarded to the State Appraiser with the Area Appraiser's recommendation for payment. The statement should be transmitted to the State Appraiser by attaching it to the Statement Transmittal, Form FRM5-F. When witnesses are hired by a trial attorney, and are not covered by an appraisal contract, the statements will be handled entirely by the Attorney's General Office.

5.410 - Contract Extensions

In the event a contract extension is needed, the appraiser shall submit a request in writing to the Area Appraiser. The request should include the reasons for the extension. The appraiser is encouraged to request an extension in a timely fashion. If the extension is approved, then the extension becomes part of the original contract, and shall be forwarded to the State Appraiser. If an appraiser is delayed by an action of the Department, such as a plan change, the Area Appraiser may grant, in writing, a reasonable extension.

5.411 - Outside Employment - General

Employees of the Department of Transportation may accept secondary employment outside the Department only when such employment involves no direct or indirect conflict of interest, and only when the Department has granted permission for such employment. Application for outside employment and permission by the Department shall be in writing using Form PO-102, and shall be updated annually. The employee shall comply with the Department's Secondary Employment Policy and Procedures. At no time shall any Right of Way personnel engage in the sale of real estate as a broker.

5.412 - Outside Employment - Appraisal

Appraisers employed by the Department of Transportation may not accept any appraisal assignment where the property to be appraised is affected by a highway project at the present, or in the foreseeable future. No employee will be permitted to accept appraisal assignments from any other condemning authority or any individual or firm doing business with the Department of Transportation. Outside employment must not involve the use of any State-owned property or equipment. It is absolutely forbidden for a staff appraiser to work for any fee appraiser who performs appraisal work for the Department of Transportation.

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5.500 - General Legal Principles

The following references are furnished for the purpose of informing appraisers for the Department of Transportation of the applicable law to guide them in arriving at an unbiased and competent opinion of fair market value. The Supreme Court of North Carolina has formulated various rules relating to "just compensation" and the measure of damages where private property is acquired for public use by the Department. Each piece of land presents its own set of facts to which this law is applicable. These references are not for the purpose of telling an appraiser what method or approach to use in making his appraisal, but are merely guides as to what may under the law be considered in making the appraisal and what will constitute competent evidence if presented in Court. Regardless of the ability of an appraiser, or knowledge of the facts presented by the property, and property values in the area, it is impossible to make a valid condemnation appraisal without applying these rules and legal concepts. Some of these rules differ from state to state. A good condemnation appraisal based on Virginia or South Carolina law might be worthless in North Carolina. The Area Appraiser will furnish certain necessary information when requesting an appraisal, such as maps, plans, title certificates, and date of acquisition. This information plus the facts presented by the property, plus the law as applied by the court, together with the appraiser's own knowledge and experience in valuations should be sufficient for an accurate and unbiased fair market value appraisal of the subject property.

The appraisal is the means of arriving at the difference in fair market value for the purpose of negotiation, and in the event that settlement is not reached, it must serve as the basis for the appraiser's testimony in Court. It is essential that the appraisal follow the rules of law laid down by the Court. A summary of the most important of these rules of law follows:

5.501 - Measure Of Damages

The measure of damages for the acquisition of part of a tract for highway purposes is the difference between the fair market value of the entire tract, including improvements, immediately before the acquisition and the fair market value of the remainder tract including improvements immediately after the acquisition. The sum includes compensation for the part taken and compensation for injury to the remaining portion, and is to be offset by both general and special benefits accruing to the property from the construction or improvement of the highway.

Where the entire tract is taken the measure of damages is the fair market value of the entire tract, including the improvement located thereon, at the time of the acquisition. The measure of damages has been enacted by the General Assembly as follows in G.S. 136-112: The following shall be the measure of damages to be followed by the commissioners, jury or judge who determines the issue of damages:

(1) Where only a part of a tract is taken, the measure of damages for said acquisition shall be the difference between the fair market value of the entire tract immediately prior to said acquisition and the fair market value of the remainder immediately after said acquisition, with consideration being given to any special or general benefits resulting from the utilization of the part taken for highway purposes.

(2) Where the entire tract is taken, the measure of damages for said acquisition shall be the fair market value of the property at the time of acquisition.

Fair market value is not the value of the property to the owner, or the value, which he places on it, nor is it governed by his willingness or unwillingness to sell. Market value is not the same as replacement value, nor is it the same as replacement value less physical depreciation unless many other factors which affect market value, such as design, style, demand for particular structure in the area, utility, and other sources of functional and economic obsolescence, are taken into consideration. Market value of property is the price, which it will bring when it is offered for sale by one that desires but is not obligated to sell it and is bought by one who is under no necessity

of having it. This definition assumes that both the willing buyer and the willing seller are fully informed of the physical characteristics of the property and all the uses including the highest and best use to which it may be put. Market value, then, is not the value to the owner for his particular purposes or to the condemnor for his special uses. It is recognized that an owner often receives less than the value of the property to him and that the condemnor pays more than the property is worth for its purposes, but experience has shown that the rule is reasonably satisfactory. Since market value does not fluctuate with the needs of condemnor or condemnee, but with general demand for the property, evidence of loss of profits, damage to good will, expense of relocation, and other such consequential losses are non-compensable. In estimating values on property in condemnation proceedings, the appraiser may consider any and all uses or purposes to which the property is reasonably adapted and to which it might, with reasonable probability, be applied, but has never been applied. However, the availability of the property for future uses must be such as enters into and affects its present market value, and regard must be given to the existing business or wants of the community, or such as may be reasonably expected in the immediate future to affect present market value. The test is "what is the fair value of the property in the market". The uses to be considered must be so reasonably probable as to have an effect on the present market value. Purely imaginative or speculative value should not be considered. Values that are peculiar to the owner and add nothing to the market value are not compensable.

5.502 - Date Of Taking And Time When Property Is Valued

In condemnation proceedings the value of the property must be established immediately before and immediately after the date of acquisition. The date of acquisition of the property is usually established as of the date of filing of the Complaint and the Declaration of Taking and Deposit in Court, at which time title to the property and the right of possession vests in the Department of Transportation. This date will be furnished by the Area Appraiser. Sometimes the appraisal will be made before and sometimes it will be made after the date of taking, but the values must be as of the time of taking. "Immediately before" refers to the property in the state in

which it existed prior to the date of taking. In arriving at this before figure the appraiser should not consider any effect, which the contemplation, or knowledge of the pending construction might have upon its market value. "Immediately after" refers to the entire remaining tract in the condition in which it exists except this value must contemplate and be based upon the highway improvement in a completed state rather than some state of construction.

In those instances where the appraisal is made prior to any construction, it is important that the appraiser become familiar with the plans for the project as they may affect the property at the time the appraisal is made, so that in event of testimony in court, the appraiser will be able to testify that his appraisal was made taking into consideration the cuts and/or fills with the road, etc., as shown in the plans.

5.503 - Nature of Taking - What Is Taken

When the taking occurs, the entire area within the right of way vests in the Department of Transportation. For the purpose of the appraisal, it makes no difference whether the Department of Transportation acquires a permanent easement or fee simple title to the land. In other words, when the taking occurs, all of the real property within the right of way becomes the property of the Department of Transportation and that outside of the right of way remains the property of the landowner. All improvements on the right of way, which are a part of the realty and are not personal property, become the property of the Department of Transportation. If the right of way line goes through an improvement, such as a building, the Department of Transportation will make a determination of whether to take only that portion located within the right of way or the entire improvement (but not the title to the land outside of the right of way upon which it is located) and the appraiser will be advised of this determination. The owner does not have the right to remove improvements taken, nor does the Department of Transportation have the right to move an improvement from the right of way to some other portion of the property in the absence of an agreement.

The appraiser may, however, be advised from time to time by the Area Appraiser that by agreement a certain improvement located within the right of way will be or has been moved to a point designated by the landowner; and if such an agreement does exist between the Department of Transportation and the landowner, the appraiser will not consider the improvement which has been or is to be moved in making his appraisal.

When an improvement is located on the property remaining after taking, the landowner is not entitled to have such improvements moved to a location more suitable to him even though such an improvement may be located in proximity to the right of way after completion of the highway construction. Therefore, the appraiser is not to consider the cost of moving an improvement as an element of damage.

Items of personal property permanently affixed to the realty by the common owner of both to enhance the value of the realty, called "fixtures", are a part of the realty and should be considered as such insofar as they relate to market value. "Trade fixtures" (items of personal property affixed to the realty by one other than the owner of the realty, used exclusively for trade and business, having other than a localized use, and removable without injury to the affixed item of the realty), furniture, stocks of goods and merchandise, farm machinery, etc., are personal property and are not to be considered as taken or as having a bearing on the market value of the property. There is often a fine legal distinction between personal property and real property, especially when dealing with business property and leasehold interests. The Area Appraiser will furnish the appraiser with information on each parcel to be appraised as to which items should be considered as realty. If there is any doubt, the appraiser should confer with the Area Appraiser.

5.504 - Noise

Where it may be relevant, the effect of the introduction of traffic noise from the use of the part taken for highway purposes may be considered in appraising the fair market value of the remainder. Its relevance depends upon highest and best use.

5.505 - General and Special Benefits

"Special benefits" are those benefits or enhancements in market value which the property owner receives peculiar to his land and not in common with the other landowners in the vicinity by reason of the construction of the improvement. "General benefits" are those benefits, which actually enhance the market value of the property, although they are common to other property in the vicinity. The appraiser is to reduce the damages to the remainder and the value of the part taken by all benefits accruing to the land, whether special or general or both. This differs from the rule in most states in that benefits may be offset and deducted from the value of the part taken, as well as damage to the remainder. This, of course, means that if the benefits are equal to or in excess of the value of the part taken and damage to the remainder, then the property owner is entitled to recover no monetary compensation due to the increased value of the land being such compensation, especially since the after value is equal to or in excess of the before value. Of course, the property owner owes the Department of Transportation nothing if the after value exceeds the before value. It might be well here to point out that when the appraiser has arrived at an opinion of market value before and after, the difference will include the elements mentioned above. This can be reduced to a formula:

Market Value of part taken + damage to market value of remainder - benefits to market value of remainder = market value before - market value after.

5.506 - Competitive Sales as Evidence of Value by the Court

The appraiser may consider the price paid at voluntary sales of land similar to the land being taken at or about the time of the taking as independent evidence of the value of the land taken. The land must be similar to the land taken; otherwise, the evidence is not admissible on direct examination. Actually no two parcels of lands are exactly alike. Parcels may be compared only where the dissimilarity is reduced to a minimum and allowances or adjustments are made for such dissimilarity. Where the land used as a comparable is markedly dissimilar in nature, condition, location, and zoning classification,

then the courts will not permit the use of such comparable sales as an independent evidence of the value of the land taken. It is within the discretion of the trial judge to determine whether there is a sufficient similarity to render the evidence of the sale admissible. Therefore, if the appraiser is relying upon comparable sales, he or she should make a personal examination of the property and be certain that the comparable sales are sufficiently similar to the land taken before using them as independent evidence of the value of the land actually taken.

5.507 - Prior Sales of Subject Property

It is an acceptable legal premise that when land is taken in "eminent domain", it is appropriate for evidence of market value to show the price at which it was bought if the sale was voluntary and within a reasonable time of the date of taking. The reasonableness of time is dependent upon the nature of the property, its location, and the surrounding circumstances and conditions. In any event, if the property has been purchased within the past five years, the appraiser should include full details of the purchase in the appraisal report.

5.508 - Settlements, Offers, Etc.

The appraiser should not consider as comparable sales any settlements, which have been made by the Department of Transportation with adjoining property owners or other owners of land involved in construction of the road improvement. These are in the nature of a settlement of a lawsuit and have no bearing on the market value of the property being appraised; furthermore, they are not acceptable as evidence. The appraiser should not consider any unaccepted offers to buy or sell this or any other property as they are not competent evidence of market value, primarily because it is impossible to know the circumstances surrounding them. At best, unaccepted offers are only second-hand opinions of value to a particular person who may not be under a compulsion to buy or sell.

Ad valorem tax valuation is not to be considered as bearing on the market value as set by the tax authorities. However, the appraiser should note in his or her report any valuation by the owner whether for income, inheritance, or estate tax or for insurance purposes, whether or not the appraiser considers such valuation controlling upon his or her valuation.

5.509 - Adaptability, Subdivisions

In arriving at an opinion of the fair market value of the property before and after the taking, the appraiser should consider the use or uses to which it was being put and to which it was naturally adapted. He or she should consider it in the light of its highest and best use, and this may not be the same use(s) before and after the taking. If the property, or any part of it, was naturally adapted or suitable for building sites or subdivision purposes, and if the appraiser should find that such adaptability enhanced the market value of the land, he or she may take it into consideration insofar as such adaptability affects its present market value. However, in the absence of a bona fide developed subdivision, it is not permissible to estimate the number of lots which might be cut from the tract or any part of it, nor is it permissible to estimate the amount for which each lot could be sold to arrive at an estimated value of the tract. Proposed or intended uses of the property are not to be considered as a basis for market value.

5.510 - Unity of Lands

In determining the unity of lands, the factors most generally emphasized are unity of ownership, physical unity, and unity of use. Under certain circumstances, the presence of all these unities is not essential; however, usually the unity of use is given greatest emphasis. The parcels claimed as a single tract must be owned by the same party or parties, but for unity of ownership, a party does not have to have the same quantity or quality of the interest or estate in all parts of the land. Where there are tenants in common, one or more of the tenants must own some interest and estate in the entire tract. The general rule is that parcels of land must be contiguous in order to constitute a single tract for possible severance damages and benefits.

It is generally held that parcels of land separated by an established city street and used by the public are separate and independent as a matter of law. Where land is unoccupied and is held for purposes of sale and building costs, a physical division by wrought roads and streets creates independent parcels as a matter of law. Mere paper division by lot or property line and undeveloped streets and alleys are not sufficient alone to destroy the unity of land.

The unifying use must be a present use - a mere intended use cannot be given any effect. Therefore, in a proposed subdivision, which has merely been laid out on a map and for which there are no developed streets and alleys actually on the land, the parcel will be treated as one tract notwithstanding any division into imaginary lots. Where the highway crosses an established subdivision where streets and alleys have actually been established on the ground by a physical act or where lots have been sold, and/ or where lots are occupied by separate dwellings, the parcels are to be considered as separate properties. In such cases, lots and buildings adjoining the rear of lots and buildings abutting on the highway where the land taken are not to be valued as remaining property with that immediately affected. The Area Appraiser will normally advise the appraiser whether the area is to be considered as separate lots or as a unity so as to include the entire tract.

5.511 - Zoning as Related To Legal Guide

In the appraisal of property, any existing zoning ordinance restricting the use of property is to be considered in determining the market value of the land being condemned, because in determining the market value of realty, all circumstances and conditions which become either an advantage or detriment to the property should be considered. If the land taken is not presently available for a particular use by reason of a zoning ordinance or other restriction imposed by law, but there is a reasonable probability of change in the near future in the zoning ordinance or other restriction, then the effect of such probability upon the market value may be taken into consideration in the appraisal. However, if the possible change in zoning ordinance restricting the use of the property condemned is purely speculative then such a possibility is not to be considered. All features of the zoning

ordinance that have an effect on the before or after value of the property should be reported by the appraiser. In considering the possibility of a zoning change, the appraiser should interview people in the affected area, as well as city officials concerned with zoning problems, and note their opinion and attitude in the report.

5.512 - Business Profits

In arriving at the amount of compensation due to owners of the property (difference in before and after values) the appraiser is not to take into consideration any loss of profits from a business conducted on the property or operated in connection therewith. Neither injury to a business, inconvenience; nor loss of profits is an appropriation or taking of property which must be paid for. The business located on the land may be considered only insofar as it enhances or detracts from the fair market value of the property. Where the property itself is producing income in the form of rent, this may be considered under the property capitalization approach in determining market value.

The appraiser is not to consider the expenses of removal or relocation of personal property in placing value on the real property taken. In cases of losses caused to a business by reason of a condemnation of a leasehold or of the land on which it is conducted, the appraiser is not to consider in his or her appraisal the removal cost of a stock of merchandise, or other personal property, or the breakage or other injury to such property caused by such removal from a leasehold or fee in land. Neither will he or she consider the expense of moving trade fixtures to another location nor shall he or she consider that moving a business to another location might result in the loss of business, customers, and good will. Neither shall the appraiser consider the loss of business resulting from the diversion of traffic. In summary, it is generally held that injury to a business is not an appropriation of property, which must be paid for.

Therefore, in making the appraisal, the appraiser will not use income or profits from a business conducted on the property in the Income approach, since evidence of income or profits derived from a business conducted on a property is too speculative, uncertain, and remote to be considered as a basis of ascertaining market value of property.

Business profits depend on the capital investment, the skill in management of the owner, and other elements extrinsic to the property itself. However, if the property itself is an income producing property - that is having a fixed rental value, then the rental value may be taken into consideration as bearing upon the market value.

5.513 - Leasehold Interests

Leasehold interests are rarely any concern to the Right of Way Branch. Leaseholds generally are a matter to be resolved between the lessor and the lessee. Unless otherwise specified by the Area Appraiser, the appraiser shall consider each property as if free and clear of all liens and encumbrances. If called upon to appraise a leasehold interest, the appraisal procedure shall be in accordance with the General Legal Principles.

However, on those claims involving property, which is leased to federal agencies, the leasehold interest shall be appraised and assigned a separate value in the approved appraisal. Please refer to NCDOT Right of Way Manual, Section 10.58.

5.514 - Temporary Takings For Borrow Or Material Pits, Haul Roads, And Detour Roads

Under General Statutes 136-120, the Department of Transportation is authorized to enter upon lands and structures to make surveys, borings, soundings, or examinations as may be necessary in performing its duties. Such action shall not be deemed a taking. However, the landowner is entitled to damages as may result to the land as a result of such activities. Where an area is temporarily appropriated for the purpose of acquiring borrow material, the appraiser will consider this a permanent damage, and the measure of damages is the fair market value of the property immediately before and immediately after the injury. However, the taking of a borrow pit

differs from the appropriation of a permanent easement in that the appraiser may consider in his after value the fact that the area will be returned or abandoned to the use of property owner. The appraiser should not value the material taken from the pit at so much a ton or yard.

In the case of haul roads or other temporary injuries of a similar nature, the measure of damages is the diminution in the rental or usable value of the property taken, together with such special damages by way of injury to crops, improvements, etc., and permanent injury to the remaining land. Therefore, as a general rule, the diminished market value of the property will not be used as a measure of damages for a temporary injury to real estate, but only when the injury to the realty is permanent. Therefore, in the case of a temporary taking, such as a haul road, where the plaintiff has been deprived of the use of the premises by reason of the injury thereto, he may recover the rental value for the time during which he was deprived of the use.

5.515 - Non-Compensable Damages

In the case of loss and diminution of access where the property appraised is being taken for a limited or controlled access project, the appraiser must first of all find out from the Area Appraiser what access rights, if any; the property owner will have to the project. The right of an abutting property owner to access - that is ingress and egress from and to an existing highway, is a property right in the nature of an easement appurtenant to the property. Where this right is totally extinguished and no substitute way of access is provided, it is a taking of real property right and in this event, the before value will be the fair market value of the property with access and the value after the taking will be the fair market value of the property with the right of access eliminated. Where the highway is on new location or where additional right of way is taken, matters of access is merely another factor to consider in the before and after value. Where, however, an existing highway is converted to a controlled access facility and direct access to the main traveled lanes is denied but access is provided by service road to these lanes, there is no taking of access. Factors such as circuitry of route in reaching the main traveled lanes caused by the construction of the project and a diminution of the volume of public

travel immediately in front of the premises are not items of legal damage. This is true also where an existing rural highway is, in effect, converted to a service road to serve the newly constructed main traveled lanes even though the property under investigation is left in a cul-de-sac by reason of a barricade placed at one end of the existing highway bounding the new construction.

Generally speaking, a landowner is not entitled against the public to unlimited access to this land at all points in boundary between his land and the highway, although entire access may not be cut off without compensation. If ingress and egress are not substantially interfered with, no compensation is allowed. There are also many other rules, which the Department of Transportation may impose upon access to and use of the highways without payment of compensation. These include regulation of speed, parking, routing of traffic along one-way streets, channelization, and moderate regulations upon the number of and types of driveways entering a highway from a specific property, i.e., minimum standards for commercial entrances adopted by ordinances of the Department of Transportation. Damages due to the exercise of the "police power" of the State are not compensable as they are not a taking of private property rights in the constitutional sense. The major distinguishing feature between the power of "eminent domain" involves a taking of property while "police power" is concerned with the regulation of property to prevent a use detrimental to the public interest.

5.516 - Non-Compensable Damages - Summary

There are many different types of damages that a landowner may suffer from the construction of a highway which are generally non-compensable by law. Therefore, these should not be considered by the appraiser in making his or her appraisal. Listed below are some of the non-compensable damages frequently encountered by the appraiser. This list is not intended to be all-inclusive, and the appraiser should consult with the Area Appraiser when in doubt as to what items should be reflected in the appraisal. Items 1 through 5, while not items of legal damage, may be considered on the question of whether there are any benefits to the subject property arising from the construction of the project.

- 1) Decrease in traffic volume in front of the premises (which might be caused by moving the main traveled lanes away from a business or by a rerouting or diversion of traffic or by one-way streets.
- 2) Circuity of travel to achieve access to main traveled lanes or roads.
- 3) One-way street; median strips which prevent turning; fences; and trees and shrubbery erected or planted on the right of way by the Department of Transportation.
- 4) Lowering or raising the grade of an existing street or highway within the old right of way where access is not controlled.
- 5) Cul-de-sac which results when an existing rural highway is dead-ended.
- 6) Loss of use and occupation of the property caused by the construction of the project.
- 7) Personal annoyance due to interference with peaceful living conditions caused by traffic noise, fumes, and vibrations; however, the appraiser may consider the use to which the condemnor will put any portion of the subject property, but not other property obtained by the condemnor, in arriving at market value of the subject premises after the taking, in so far as concerns damage to the subject property.
- 8) Moving expenses including the expense of removal of or relocation of personal property and trade fixtures; breakage or other injury to such property caused by removal.
- 9) Loss of business, good will, or the interruption of business.
- 10) Anticipated losses from intended uses or purposes, which the owner has in mind, and all other speculative losses.

5.517 - Highway Easements Outside The Right Of Way

As noted in the Uniform Appraisal Standards for Federal Land Acquisition Guide, "An easement denotes ownership of limited real property rights; thus, falling short of full fee simple estate ownership. When an easement or servitude over land is condemned for the public use, the appraisal should be in the amount of the difference between the fair market value of the land before and the fair market value immediately after imposition of the easement. Full consideration shall be given to a due allowance made for the substantial enjoyment and beneficial ownership remaining to the easement. "An easement outside the proposed right of way shall not be considered a fee simple taking. An easement is a partial taking of property rights. The degree of servitude controls the effect of easements. Compensation should not be greater than the adverse effect of the easement, or the difference in the fair market value of the property before the taking for the easement and the fair market value of the remainder subject to the easement. The appraiser and the Area appraiser must have a mutual understanding concerning the property rights affected by the proposed easement before the assignment is made. There are instances where the taking for an easement, such as a slope easement, may result in benefits to the remainder.

5.518 - Specialized Equipment, Machinery, Trade Fixtures, And Timber

In the event an appraisal assignment necessitates the valuation of specialized equipment, machinery, trade fixtures, mineral deposits, or timber, the appraiser may, at his or her election, employ a specialist or consultant for assistance. However, the appraiser shall set forth any intention to hire a specialist or consultant and state that name on the Appraisal Fee Proposal, Form 5-B. The Appraisal Fee Proposal shall contain the specialist's fee as part of the appraisal fee. The Department of Transportation is concerned only with the total appraiser fee. Caution: The appraiser shall correlate and analyze the specialist's opinion and estimate as part of the appraiser's own opinion and final estimate of value. The inclusion of any consultant's estimate by simply adding it to the appraiser's estimate, without explanation, shall render the report unacceptable. The specialist's or consultant's

report shall be included in the Addenda of the appraisal report. Item (16) of the Appraisal Contract reads: "The DEPARTMENT and the Federal Highway Administration shall have the right to approve or reject any firm or individual that the APPRAISER may propose as a subcontractor or employee whose services will be employed in the preparation of the appraisals herein set out."

Right Of Way Appraisal Forms

Form FRM5-A	Experience Questionnaire
Form FRM5-AA	Request for Cost Estimate
Form FRM5-B	Appraisal Fee Proposal
Form FRM5-C	Appraisal Contract
Form FRM5-D	Contract Transmittal
Form FRM5-E	Statement for Appraisal Services
Form FRM5-G	Comparable Sale
Form FRM5-H	Appraisal Summary Sheet
Form FRM5-I	Right of Way Unit Preamble
Form FRM5-J	Certificate of Appraiser
Form FRM5-K	Right of Way Transmittal Summary
Form FRM5-L	Equipment Considered Real Property – Fixed
Form FRM5-M	Equipment Considered Real Property – Realty
Form FRM5-N	Staff Appraisal Assignment
Form FRM5-P	Preliminary Parcel Study
Form FRM5-Q	Partial Acquisition of Building Affidavit
Form FRM5-R	Review Summary
Form FRM5-S	Review Certification
Form FRM5-U	Service Road Study - Parcel Worksheet

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North Carolina Department of Transportation-Right of Way Branch Experience Questionnaire (Continued)

4. Experience:

Write a narrative description and explanation of your experience shown under 3-A, B, C, D and E above:
Include the total number of years in each area of field.

5. Classification:

Do you consider yourself a general real estate practitioner or a specialist in a given area or field?
Please comment.

6. References:

List some of your appraisal clients as references.

7. Professional Affiliations:

List your professional affiliations in real estate or related fields, giving types of membership and/or designations.

8. Evaluations (for state use):

REQUEST FOR COST ESTIMATE

DATE RECEIVED: _____ DISTRIBUTED: _____ REVISION/UPDATE: _____

I.D./Break: _____ Description: _____ Schedule: _____
 R/W FY _____
 Const. FY _____ Unfunded Post Years

ACCESS: FULL C/A PARTIAL C/A NO C/A

WBS ELEMENT NO. _____ COUNTY _____

Engineer: _____ Dept. _____ Division _____ Appraisal Office _____

Type of Plans furnished for Estimate: _____

Date Due: _____

Prior Estimates of Land & Damages (with Dates): _____

BASED ON PAST PROJECT HISTORICAL DATA, THE LAND AND DAMAGE FIGURES HAVE BEEN ADJUSTED BY A FACTOR OF 50% TO INCLUDE CONDEMNATION AND ADMINISTRATIVE INCREASES THAT OCCUR DURING SETTLEMENT OF ALL PARCELS. THESE FIGURES PROJECT THE MOST ACCURATE ACQUISITION ESTIMATES FOR 2 (TWO) YEARS FROM THE DATE OF THIS ESTIMATE.

ESTIMATED BY: _____ Time Spent _____

COMPLETED DATE: _____ Extension Request: _____

ESTIMATED NO. OF PARCELS:					
RESIDENTIAL RELOCATIONS:					
BUSINESS RELOCATIONS:					
GRAVES					
LAND AND DAMAGE:					
ACQUISTION:					
TOTAL ESTIMATED R/W COST:					

**** TOTALS/VALUES ****

PLEASE PROVIDE ONLY BASE NUMBERS. ALL TOTALING CALCULATIONS WILL BE COMPLETED BY THE ESTIMATE COORDINATOR, SARAH D. WHITE.

THERE ARE NO FIGURES FOR UTILITY INVOLVEMENT ON THIS ESTIMATE AND NO PUE's.

NOTES: _____

North Carolina Department of Transportation-Right of Way Unit

Appraisal Fee Proposal

WBS Element: _____ County: _____ Fed Aid Project: _____

Description: _____

TIP/Parcel Number	Property Owner(s)	Appraisal Premise Minimum Requirements	Proposed Fee
<div style="display: flex; justify-content: space-between; align-items: flex-end; padding: 5px;"> <div style="width: 45%;"> <p>FEE PROPOSAL DUE: _____</p> <p>FEE PROPOSAL RECEIVED: _____</p> </div> <div style="width: 20%; text-align: center;"> <p>AREA APPRAISER</p> </div> <div style="width: 35%; text-align: right;"> <p>_____</p> <p>DATE APPROVED</p> </div> </div>			

The appraisals in this assignment are to be made in accordance with **NCDOT Real Estate Appraisal Standards and Legal Principles**, the **Uniform Standards of Professional Appraisal Practice** and the afore-mentioned appraisals shall comply with all of the requirements set out in the **NCDOT Real Estate Appraisal Standards and Legal Principles**; the **Uniform Standards of Professional Appraisal Practice**; all applicable **Local, State, and Federal** laws, ordinances, regulations, restrictions and/or requirements; and any additions, revisions and/or supplements thereto. **No one other than the SPECIFIED APPRAISER will prepare the analyses, conclusions or value estimates set forth in the report(s).** Neither the **APPRAISER** nor the **SPECIFIED APPRAISER** shall substitute the assistance/services other than secretarial, or any individual or firm without the prior written consent of the **DEPARTMENT.**

I have viewed the above-listed properties and hereby submit my fee proposal.

I propose completion date(s) for this assignment to be _____.

I understand the following items will be supplied or provided by the Department of Transportation: Summary Sheets, plans, & related data.

Date	Specified Appraiser	Firm Name
		By: (Signature of Specified Appraiser)
		Mailing Address:

Vendor No.: _____ Purchase Order No.: _____ Date Scanned: _____

North Carolina Department of Transportation-Right of Way Unit Appraisal Contract

THIS AGREEMENT consisting of twenty-four (24) numbered provisions and two (2) “**Special Provisions**” entered into this the _____ day of _____ 20__ by and between the **North Carolina Department of Transportation** hereinafter referred to as the "**DEPARTMENT**" and _____ of _____ hereinafter referred to as the "**APPRAISER**".

WITNESSETH

It is mutually agreed between the parties hereto as follows:

- (1) The **APPRAISER** shall furnish to the **DEPARTMENT** a professional appraisal of the “**Market Value**” of certain parcels of land, or designated parts thereof as follows:
- (2) For and in consideration of his or her services in furnishing said appraisals, the **APPRAISER** shall be paid as follows:

WBS Element: _____ **County:** _____ **Fed Aid Project:** _____

Description: _____

TIP/Parcel No.	Owner(s)	Type of Appraisal	Appraisal Fee

- (3) The parties agree that all appraisal services under this contract shall be performed by _____ hereafter referred to as the **SPECIFIED APPRAISER**, and the **SPECIFIED APPRAISER** shall not substitute the services of any individual or firm other than the **SPECIFIED APPRAISER** without prior written consent of the **DEPARTMENT**.
- (4) Unless otherwise noted, the following items have been furnished to the **APPRAISER**, the receipt of which is hereby acknowledged: **Appraisal Request/Summary Sheet Form(s), Form F(s), Project Plan Sheet(s) and any other pertinent data.**
- (5) The **APPRAISER** agrees that the **SPECIFIED APPRAISER** will fully complete all of the appraisals herein set out and to furnish the **DEPARTMENT** an original and two (2) copies of each appraisal on or before the _____ day of _____, 20 _____; it being fully understood and agreed that in the event the **APPRAISER** shall fail to do so, the **DEPARTMENT** shall consider the services of the said **APPRAISER** terminated and shall not be liable for the payment for appraisal submitted after said date. In the event of extenuating circumstances and upon written application by the **APPRAISER**, a written extension of time may, at the option of the **DEPARTMENT**, be granted.
- (6) In the event it becomes necessary to enter into condemnation proceedings on any of the above parcels, the **APPRAISER** shall, upon request of the **AREA APPRAISER**, or **TRIAL ATTORNEY**, make the **SPECIFIED APPRAISER** available for re-inspection of the property, appraisal or pre-trial conferences; or to testify as a witness for the **DEPARTMENT** at Commissioner's Hearings or in Superior Court. The **APPRAISER** shall be paid for the services of the **SPECIFIED APPRAISER** commensurate with his or her qualifications at a **Per Diem Rate** agreed upon by and between the **APPRAISER** and the **DEPARTMENT** at the time his or her services are required.
- (7) The afore-mentioned appraisals shall comply with all of the requirements set out in the **NCDOT Real Estate Appraisal Standards and Legal Principles; The Uniform Standards of Professional Appraisal Practice**; and shall also comply with all applicable **Local, State and Federal** laws, ordinances, regulations, restrictions and/or requirements; and additions, revisions and/or supplements thereto.
- (8) Should the **DEPARTMENT** for any reasons decide to cancel or terminate the **APPRAISER's** services, it will furnish written notice thereof to the **APPRAISER** who shall, as instructed immediately terminate work or bring to a reasonable state of completion such items of work as may be directed by the **DEPARTMENT**, and will turn over all data and other records or information collected, whether partial or completed. Upon termination, the fee to be paid the **APPRAISER** will be equitable to cover all services actually rendered, based on a ratio of the amount of work done to the total amount of work which was to have been done.
- (9) No additional fee shall be allowed the **APPRAISER** for assistance by, or services of, supporting agents, or employees of the **Appraiser** except by express prior permission in writing by the **DEPARTMENT**.
- (10) In the event the **DEPARTMENT** deems a correction of the above-described appraisals necessary because of **APPRAISER's** error or oversight, or failure to meet the requirements of Paragraph 7 above, the **APPRAISER** shall submit to the **DEPARTMENT** within ten (10) days from receipt of such request and at no additional cost to the **DEPARTMENT**, such corrected appraisal. If revisions become necessary because of revised plans or additional requirements on the part of the **DEPARTMENT**, it is agreed that a new contract covering such revisions shall be entered into in writing before such work is performed.
- (11) The **APPRAISER** agrees to indemnify and save harmless the State, its officers, agents and employees from any and all damages or claims for damages accruing or resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of this contract, and from any and all damages or claims for damages accruing or resulting to any person, firm or corporation who may be injured or damaged by the **APPRAISER**, its employees, servants or agents, in performance of this contract. The **APPRAISER** shall provide "**Worker's Compensation Insurance**" as required by law at **APPRAISER's** own cost and expense.
- (12) All of the work to be performed under the provisions of this contract shall be accomplished by the **APPRAISER** unless it shall have secured the prior written permission of the **DEPARTMENT** to utilize services of others in the preparation of the appraisals set forth in this contract. All appraisal services performed by the **APPRAISER** shall be performed by the **SPECIFIED APPRAISER** as provided in paragraph (3) above.
- (13) None of the work provided for in **this Agreement** may be sub-contracted by the named **APPRAISER** unless it first shall have secured the prior written permission of the **DEPARTMENT**.
- (14) **This Agreement** is not assignable by the **APPRAISER** either in whole or in part.

- (15) The **DEPARTMENT** and the **FEDERAL HIGHWAY ADMINISTRATION** shall have the right to approve or reject any firm or individual that the **APPRAISER** may propose as a subcontractor or employee whose services will be employed in the preparation of the appraisals herein set out.
- (16) The **APPRAISER** shall not engage the services of any person, or persons now in the employment of the State or of any County or City in the State during the time covered by **this Agreement**, without written consent of the employer of such person and the **DEPARTMENT**.
- (17) The parties hereto agree that the **APPRAISER**, and any agents and employees of the **APPRAISER** in the performance of **this Agreement**, shall act in an independent capacity and not as officers, employees, representatives or agents of the **State of North Carolina**.
- (18) The **APPRAISER** agrees that a properly executed "**Certificate of Appraiser**" shall be attached to the original and any copies of each appraisal made under the terms of this contract.
- (19) Time is of the essence on each and all of the provisions of **this Agreement**, and the provisions of **this Agreement** shall extend to and be binding upon and inure to the benefit of the **DEPARTMENT** or its successor or successors.
- (20) **It is agreed that the APPRAISER, its servants, agents, and employees, shall keep the appraisals and all information pertaining thereto in strict confidence and shall not reveal the appraisals or information to any persons, firms, agencies or corporations unless expressly authorized in writing by the DEPARTMENT to reveal such appraisals or information relating thereto.**
- (21) It is mutually understood and agreed that no alteration or variation of the terms of this contract shall be valid unless made in writing and signed by the parties hereto, and that no oral understandings or agreements not incorporated here in, and no alterations or variations of the terms hereof, unless made in writing between the parties hereto, shall be binding on any of the parties hereto.
- (22) In the event a dispute arises between all the parties of **this Agreement** concerning a question or fact in connection with the requirements of **this Agreement** or compensation therefor, the decision of the **STATE HIGHWAY ADMINISTRATOR** in the matter shall be final and conclusive for both parties.
- (23) The **APPRAISER** shall comply with applicable **Local, State, and Federal** laws, ordinances, regulations, restrictions and/or requirements; and additions, revisions and/or supplements thereto that are applicable to the work covered by **this Agreement**.
- (24) The **APPRAISER** warrants that he or she has not employed or retained any company or person, other than a "**bona fide**" employee working solely for the **APPRAISER**, to solicit or secure **this Agreement**, and that he or she has not paid or agreed to pay any company or persons, other than a "**bona fide**" employee working solely for the **APPRAISER** any fee, commission, percentage, brokerage fee, gifts, or any other consideration contingent upon or resulting from the award or making of **this Agreement**. For breach or violation of this warranty, the **DEPARTMENT** shall have the right to annul **this Agreement** without liability.

PLEASE INDICATE BELOW BY CHECKING APPLICABLE PROVISION

DISADVANTAGED BUSINESS ENTERPRISE SPECIAL PROVISIONS

MINORITY BUSINESS ENTERPRISES AND WOMEN BUSINESS ENTERPRISES SPECIAL PROVISIONS

_____ **INITIALS** (Specified Appraiser)

Special Provisions

DISADVANTAGED BUSINESS ENTERPRISE (DBE)

6/18/07

POLICY

It is the policy of the North Carolina Department of Transportation that Disadvantaged Business Enterprises shall have the opportunity to participate in the performance of contracts financed in whole or in part by Federal Funds in order to create a level playing field.

The Firm is also encouraged to give every opportunity to allow DBE participation in Supplemental Agreements.

OBLIGATION

The Firm, subcontractor, and sub-recipient shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The firm shall carry out applicable requirements of 49 CFR 26 in the award and administration of federally assisted contracts. Failure by the firm to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy, as the Department deems necessary.

GOALS

Even though specific DBE goals are not established for this project, the Firm shall report the anticipated utilization of DBE's during the execution of the work associated with this agreement.

LISTING OF DBE SUBCONTRACTORS

The firm, at the time the agreement is submitted, shall submit a listing of all known DBE firms that will participate in the performance of the identified work. The participation shall be submitted on the Department's Form RS-2 or a facsimile thereof. In the event the firm has no DBE participation, it is requested that the firm indicate this on the form by entering the word 'None' or the number zero.

DBE DIRECTORY

Real-time information about firms doing business with the Department and firms that are certified through North Carolina's Unified Certification Program is available in the Directory of Transportation Firms. The Directory can be accessed by the link on the Department's homepage or by entering <http://apps.dot.state.nc.us/vendor/directory> in the address bar of your web browser. Only those DBE firms with current certification may be listed in the proposal form.

The listing of an individual firm in the Department's directory shall not be construed as an endorsement of the firms' capability to perform certain work.

REPORTING DISADVANTAGED BUSINESS ENTERPRISE PARTICIPATION

When payments are made to Disadvantaged Business Enterprise (DBE) firms, including material suppliers, firms at all levels (prime, subcontractor, or second tier subcontractor) are encouraged to provide the Contract Administrator with an accounting of said payments. The accounting should be listed on the Department's Subcontractor Payment Information Form (Form DBE-IS). For each payment made to a Disadvantaged Business Enterprise (DBE) firm, please list the following:

DOT Project Number _____
Payer Firm Name and Federal Tax ID number _____
Receiving Subcontractor Federal Tax ID number _____
Amount of Payment _____
Date of Payment _____

A responsible fiscal officer of the payee firm, subcontractor, or second tier subcontractor who can attest to the date and amounts of the payments shall certify that the accounting is correct. A copy of an acceptable report may be obtained from the Department of Transportation. This information should be submitted as part of the requests for payments made to the Department.

Special Provisions

MINORITY BUSINESS ENTERPRISES (MBE) AND WOMEN BUSINESS ENTERPRISES (WBE) 6-18-07

POLICY

It is the policy of the North Carolina Department of Transportation that Minority Business Enterprises (MBE) and Women Business Enterprises (WBE) shall have the opportunity to participate in the performance of contracts financed in whole or in part by State Funds in order to create a level playing field.

The Firm is also encouraged to give every opportunity to allow MBE and WBE participation in Supplemental Agreements.

OBLIGATION

The Firm, subcontractor, and sub-recipient shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The firm shall carry out applicable requirements of G.S. 136-28.4 in the award and administration of state contracts. Failure by the firm to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy, as the Department deems necessary.

GOALS

Even though specific MBE and WBE goals are not established for this project, the Firm shall report the anticipated utilization of MBE's and WBE's during the execution of the work associated with this agreement.

LISTING OF MBE/WBE SUBCONTRACTORS

The firm, at the time the agreement is submitted, shall submit a listing of all known MBE and WBE firms that will participate in the performance of the identified work. The participation shall be submitted on the Department's Form RS-2 or a facsimile thereof. In the event the firm has no MBE/WBE participation, it is requested that the firm indicate this on the form by entering the word 'None' or the number zero.

MBE/WBE DIRECTORY

Real-time information about firms doing business with the Department and firms that are certified through North Carolina's Unified Certification Program is available in the Directory of Transportation Firms. The Directory can be accessed by the link on the Department's homepage or by entering <http://apps.dot.state.nc.us/vendor/directory> in the address bar of your web browser. Only those MBE/WBE firms with current certification may be listed in the proposal form.

The listing of an individual firm in the Department's directory shall not be construed as an endorsement of the firms' capability to perform certain work.

REPORTING MINORITY BUSINESS ENTERPRISE AND WOMEN BUSINESS ENTERPRISE PARTICIPATION

When payments are made to Minority Business Enterprise and Women Business Enterprise (MBE/WBE) firms, including material suppliers, firms at all levels (prime, subcontractor, or second tier subcontractor) are encouraged to provide the Contract Administrator with an accounting of said payments. The accounting should be listed on the Department's Subcontractor Payment Information Form (Form DBE-IS). For each payment made to a Minority Business Enterprise (MBE) or Women Business Enterprise (WBE) firm, please list the following:

DOT Project Number _____
Payer Firm Name and Federal Tax ID number _____
Receiving Subcontractor Federal Tax ID number _____
Amount of Payment _____
Date of Payment _____

A responsible fiscal officer of the payee firm, subcontractor, or second tier subcontractor who can attest to the date and amounts of the payments shall certify that the accounting is correct. A copy of an acceptable report may be obtained from the Department of Transportation. This information should be submitted as part of the requests for payments made to the Department.

IN WITNESS WHEREOF, the parties hereto have set their hands on the day and year first above written as indicated by “Checkbox” on page 3 and the “Initials” line.

SPECIFIED APPRAISER

AREA APPRAISER

TITLE

ACCEPTED FOR THE DEPARTMENT OF TRANSPORTATION

BY:

STATE APPRAISER

**NORTH CAROLINA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY UNIT**

COMPARABLE NO: _____

Date: _____ **Deed Book:** _____ **Page:** _____ **Stamps:** _____ **County:** _____

Grantor: _____ **Grantee:** _____

Location: _____

Sales Price: _____ Confirmed by (Name): _____

Financing _____

: _____

Condition of Sale and Reason Bought/Sold: _____

Present Use: _____ Zoning: _____

Highest and Best Use: _____

Size: _____ Shape _____ Topography: _____

: _____

Existing R/W Area: _____ Area Cleared/Wooded: _____

Soil Type: _____ Drainage: _____ Available Utilities: _____

Access: _____ Frontage: _____

Improvements: _____

Lessor: _____ Lessee: _____

Rentable Area: _____ Rent: _____ V & C: _____ Expenses: _____ Term: _____

Unit Price: _____ Tax ID: _____

Other Pertinent Information:



Taken by: _____

Date Inspected: _____

North Carolina Department of Transportation Right of Way Unit Appraisal Summary Sheet

1. TIP/Parcel No.: _____ WBS Element: _____ County: _____

2. Owner(s): _____ Fed Aid Project: _____

3. Plan Sheet No.: _____ Survey Stations: _____

4. Land Areas:	AREA LT.OF R/W	AREA IN R/W	AREA RT. OF R/W	TOTAL
5. Less: Land Area in Existing R/W:				
6. Appraise Net Areas				

7. Easements: TCE: _____ DRAINAGE: Temp _____ Perm _____
 PUE: _____ OTHER: _____

8. Improvements Lt. of R/W	Improvements to be Acquired	Improvements Rt. of R/W

9. Rights and Interests to be Appraised: **Unencumbered Fee Simple Interest**
 (Subject to Existing Easements and Restrictions as Affected by Highway Acquisition.)

10. Estimated "MARKET VALUE" of Property Immediately Before:

Land \$ _____
 Improvements \$ _____
TOTAL \$ _____

11. Estimated "MARKET VALUE" of Property Immediately After:

Land \$ _____
 Improvements \$ _____
TOTAL \$ _____

12. "DIFFERENCE" Between Before and After Value (If Benefited, Type "BENEFITS") \$ _____

 Signed Date of Appraisal

Name: _____ Phone: _____

Address: _____

E-Mail Address: _____



North Carolina Department of Transportation-Right of Way Unit

Preamble

A. Objective of Appraisal and Purpose of Report

The objective of this appraisal is to estimate the market value of the subject property. The purpose of this report is to present data and analyses which support the opinion of market value.

B. Definition of Market Value

As defined in The Appraisal of Real Estate, 12th Edition, “**MARKET VALUE is the most probable price, as of a specified date, in cash or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a “Fair Sale”, with the Buyer and Seller each acting prudently, knowledgeable, and for self-interest, and assuming that neither is under undue stimuli.**”

C. Scope of Appraisal

The scope of this appraisal involves an inspection of the subject property and general area, research into the market for sales and other comparable information, analysis of the findings, and a report of the findings in a narrative format.

D. Hazardous Material Statement

Unless otherwise stated in this report, the existence of hazardous material and/or contamination which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client/property owner is urged to retain an expert in this field, if desired. That is, the subject property is appraised "**as clean**".

E. Americans with Disabilities Act

The appraiser has not made a specific compliance survey and analysis of the subject parcel to determine whether or not it is in conformity with the various detailed requirements of the **American with Disabilities Act ("ADA")**. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the **ADA** could reveal that the subject parcel is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative affect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, the appraiser did not consider possible non-compliance with the requirements of **ADA** in estimating the value of the subject.

North Carolina Department of Transportation - Right of Way Unit

Certificate of Appraiser

TIP/Parcel No.: _____ WBS Element: _____ County: _____

Description: _____

Property Owner's Name: _____ Fed Aid Project: _____

I HEREBY CERTIFY THAT:

I have , have not , performed _____ appraisal and _____ other services as an appraiser or any other capacity, regarding the property that is the subject of this appraisal within the three year period immediately preceding acceptance of this assignment. If "Have" box is marked, please see Scope of Appraisal Section for details.

I have personally inspected the property herein appraised and that I have also made a personal field inspection of the comparable sales/rentals relied upon in making said appraisal. The subject and the comparables relied upon in making said appraisal were as represented by the photographs contained in said appraisal.

I have given the owner or his designated representative the opportunity to accompany me during my inspection of the subject property.

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

The statements of fact contained in this appraisal report are true and correct, and the reported analyses, opinions and conclusions, subject to the critical assumptions and limiting conditions herein set forth, are my personal, unbiased, professional analyses, opinions and conclusions.

I understand such appraisal may be used in connection with the acquisition of or disposal of right-of-way for a highway to be constructed by the **State of North Carolina**, and that such appraisal has been made in conformity with appropriate State laws, regulations, and policies and procedures applicable to appraisal of right-of-way for such purposes, and that to the best of my knowledge, no portion of the value assigned to such property consists of items which are "Non-Compensable" under established laws of the **State of North Carolina**.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in compliance with **NCDOT Real Estate Appraisal Standards and Legal Principles** and the **Uniform Standards of Professional Appraisal Practice**. The appraisals in this assignment are to be made in accordance with all of the requirements set out in the **NCDOT Real Estate Appraisal Standards and Legal Principles** and the **Uniform Standards of Professional Appraisal Practice** and shall also comply with all applicable **Local, State, and Federal** laws, ordinances, regulations, restrictions and/or requirements; and any additions, revisions and/or supplements thereto.

Neither my employment nor my compensation for making this appraisal is in any way contingent on the values reported herein.

I have no direct or indirect, present or prospective interest in neither the subject property nor any benefit from the acquisition of this property nor any bias with respect to the parties involved.

In addition to the undersigned, those persons duly noted in this report and under my direct supervision and responsibility, in so far as this particular appraisal is concerned, have contributed to the production of this appraisal. The analyses, conclusions or value estimates set forth in this appraisal are those of the undersigned.

I will not reveal the findings and results of such appraisal to anyone other than the proper officials of the **State of North Carolina** or officials of the **Federal Highway Administration** until authorized by State officials to do so, or until I am required to do so by **due process of law**, or until I am released from this obligation by having publicly testified as to such findings or to a duly authorized professional peer review committee.

My independent opinion of the difference in Market Value as of the _____ day of _____, 20____, is \$ _____ based upon my independent appraisal and the exercise of my professional judgment.

Specified Appraiser

Date

SEAL/STAMP

North Carolina Department of Transportation-Right of Way Unit

Right of Way Transmittal Summary

TIP/Parcel No.: _____ WBS Element: _____ County: _____

1. Owner(s): _____ FedAid Project: _____

Address: _____

2. Plan Sheet No.: _____ Survey Stations: _____

3. Land Area to be Acquired and Values:

Right of Way: _____ X \$ _____ = \$ _____

Temp Construction Easement (TCE): _____ X \$ _____ = \$ _____

Drainage Easement: Temp _____ X \$ _____ = \$ _____

Perm _____ X \$ _____ = \$ _____

Permanent Utility Easement (PUE): _____ X \$ _____ = \$ _____

Other: _____ X \$ _____ = \$ _____

Land: \$ _____

4. Improvements to be Acquired and Values:

Material and labor costs documented in the state's files for the project.

Estimated Value of each Improvement to be acquired:

(1) \$ _____

(2) \$ _____

(3) \$ _____

(4) \$ _____

Improvements: \$ _____

5. Cost to Cure (Damage to Remainder)

Cost to Cure: \$ _____

6. Allocation:

Value of Land to be Acquired: \$ _____

Value of Improvements to be Acquired: \$ _____

Cost-to-Cure (Damage to Remainder): \$ _____

Acquisition Total: \$ _____

7. Photograph and Sketch of Acquisition attached.

The property owner or owner's representative was contacted on _____ and given the opportunity to accompany the **Appraiser** during the inspection of this parcel.

The parcel was inspected on _____

Specified Appraiser

Signed

Date

ROW \$ _____ Perm. Easements \$ _____ Temp. Easements \$ _____

Administrative Approval

Approved By:

Date:

North Carolina Department of Transportation-Right of Way Unit

Equipment Considered Real Property-Fixed

TIP/Parcel No.: _____ WBS Element: _____ County: _____

Equipment Owner(s): _____ FedAid Project: _____

This is a list of those items of equipment on this property which have been determined to be **“REAL PROPERTY”** and must be considered by the **Appraiser** and included in the value estimate.

A copy of this form must be included in the Addenda of each copy of the appraisal report and narratively referred to, in the body of the report, where appropriate.

THE FOLLOWING IS A LIST OF EQUIPMENT CONSIDERED TO BE “FIXTURES” REQUIRING “COST NEW INSTALLED”, “CONTRIBUTING VALUE IN PLACE”, AND “SALVAGE VALUE”. THE “TOTAL CONTRIBUTING VALUE IN PLACE” IS TO BE ADDED TO THE DEPRECIATED IMPROVEMENT VALUE IN THE “COST APPROACH,” REQUIRING NO ADDITIONAL DEPRECIATION.

Item(s) of Equipment	Cost New Installed	Contributing Value in Place	Salvage Value
TOTAL		\$	

Note to the Appraiser: Each item of equipment must be considered as if "In Place and Operating" in all three categories above.

APPROVED: _____

DATE: _____

AREA APPRAISER

North Carolina Department of Transportation-Right of Way Unit Equipment Considered Real Property-Realty

TIP/Parcel No.: _____ WBS Element: _____ County: _____
Equipment Owner(s): _____ FedAid Project: _____

This is a list of those items of equipment on this property which have been determined to be "REAL PROPERTY" and must be considered by the **Appraiser** and included in the value estimate.

A copy of this form must be included in the Addenda of each copy of the appraisal report and narratively referred to, in the body of the report, where appropriate.

THE FOLLOWING IS A LIST OF EQUIPMENT CONSIDERED TO BE "REALTY COMPONENTS" WHICH ARE TO BE INCLUDED IN THE "REPRODUCTION COST" OF THE IMPROVEMENT

Item(s) of Equipment

Note to the Appraiser: Each item of equipment must be considered as if "In Place and Operating" in all three categories above.

APPROVED: _____

DATE: _____

AREA APPRAISER

**North Carolina Department of Transportation-Right of Way Unit
Staff Appraisal Assignment**

WBS Element: _____ County: _____ FedAid Project: _____

Assigned To: _____

Description: _____

This is to advise that in accordance with our discussion the below-listed _____ parcels of property on this project have been assigned to you for appraisal. Any appraisals of parcels with improvements in the proposed right of way are to be completed first. The appraisals in this assignment are to be made in accordance with all of the requirements set out in the **NCDOT Real Estate Appraisal Standards and Legal Principles** and the **Uniform Standards of Professional Appraisal Practice** and shall also comply with all applicable **Local, State, and Federal** laws, ordinances, regulations, restrictions and/or requirements; and any additions, revisions and/or supplements thereto.

TIP/Parcel Number	Property Owner(s)	Appraisal Premise	Remarks	Interim Completion Dates

All Appraisals in this assignment are to be completed and submitted by: _____

Assignment Date:

Area Appraiser

North Carolina Department of Transportation-Right of Way Unit Preliminary Parcel Study

Date: _____

TIP/Parcel No.: _____ WBS Element: _____ County: _____

Property Owner(s): _____ Fed Aid Project: _____

Property Description - Before Acquisition (Location, use, access, improvements, topo, areas, etc.)

Description of Acquisition - (Land, improvements, etc.)

Description of Remainder - (Use, access, area, improvements, cuts & fills, damages, benefits)

Appraisal Problem

Approaches Before _____

Approaches After _____

Estimate Value of Entirety \$ _____

Estimate Total Difference \$ _____

Choice of Appraisers

1. _____

2. _____

3. _____

4. _____

Estimated Time Required _____

Fee Range _____ to \$

\$ _____

Improvements NOT to be appraised

Miscellaneous Information

Equipment Involved? _____

Specialist Required? _____

Cut-off Estimate Required? _____

Severed Building Affidavit? _____

Special Instructions:

Study By: _____

**North Carolina Department of Transportation-Right of Way Unit
Partial Acquisition of Building Affidavit**

Date: _____

TIP/Parcel No.: _____ WBS Element: _____ County: _____

Owner(s): _____ FedAid Project: _____

Building(s) or Structure(s) _____

I _____ **being duly sworn, depose, and state:**

"That I am an independent real estate appraiser engaged in the appraisal profession on a fee basis and am not a salaried employee of the Right of Way Branch of the North Carolina Department of Transportation."

"That I have personally inspected the building(s) or structure(s) on the property referred to above on _____ (date), and I am of the opinion that the partial taking of said building(s) or structure(s) as indicated on the plans for the above project will substantially destroy the economic value or utility of the building(s) or structure(s); and

- (1) That an economy in the expenditure of public funds will be promoted thereby; or
- (2) That it is not feasible to cut off a portion of the building or structure without destroying the entire building or structure; or
- (3) that the convenience, safety or improvement of the highway will be promoted thereby.

Affiant

Address

Sworn to and subscribed to before me this

_____ day of _____, 20 _____

Notary Public

My Commission Expires: _____

North Carolina Department of Transportation - Right of Way Unit

REVIEW SUMMARY

TIP/Parcel No.: _____ WBS Element: _____ County: _____

Property Owner(s): _____ FedAid Project: _____

Acquisition: Full Partial Zoning: _____

	Appraiser	
	Appraisal Date	
	Highest and Best Use:	
	Before	
	After	

\$ _____	Before Value	\$ _____
\$ _____	After Value	\$ _____
\$ _____	Difference	\$ _____

Yes No Factual Data Requirements Met Yes No

Yes No Value Conclusions Reasonable Yes No

ALLOCATION		
\$ _____	Value Land Acquired	\$ _____
\$ _____	Value Improvements Acquired	\$ _____
\$ _____	Damage to Remainder	\$ _____
\$ _____	Benefits to Remainder	\$ _____
\$ _____	DIFFERENCE	\$ _____

Review Comments:

Recommendation of Review Appraiser: \$ _____ Signed _____ Date _____

North Carolina Department of Transportation-Right of Way Unit REVIEW CERTIFICATION

TIP/Parcel No.: _____ WBS Element: _____ County: _____

Owner(s): _____ FedAid Project: _____

I HEREBY CERTIFY THAT, to the best of my knowledge and belief the facts and data reported by me and used in the review process are true and correct.

I understand that this estimate of value is to be used in connection with a highway project and/or NCDOT Real Estate transaction.

The analyses, opinions, and conclusions in this **Review Report** are limited only by the critical assumptions and limiting conditions stated in this **Review Report** and are my personal, unbiased professional analyses, opinions, and conclusions.

I have no direct or indirect, present or prospective interest in the subject property or in any benefit from the acquisition of the subject property and I have no personal interests or bias with respect to the parties involved.

I have , have not , performed _____ appraisal and _____ other services as an appraiser or any other capacity, regarding the property that is the subject of this appraisal within the three year period immediately preceding acceptance of this assignment.

My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this **Review Report**.

My estimate of the value of all items which are Compensable under State law but not eligible for Federal Aid reimbursement is \$ _____

I personally inspected the subject parcel. I did did not personally inspect all sales/rentals considered to be comparable to the subject parcel.

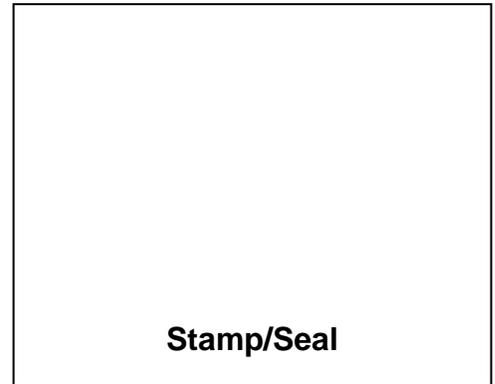
My analyses, opinions, and conclusions were developed and this **Review Report** was prepared in compliance with NCDOT Real Estate Appraisal Standards and Legal Principles and the Uniform Standards of Professional Appraisal Practice. The appraisals in this assignment are to be made in accordance with all of the requirements set out in the NCDOT Real Estate Appraisal Standards and Legal Principles and the Uniform Standards of Professional Appraisal Practice and shall also comply with all applicable **Local, State, and Federal** laws, ordinances, regulations, restrictions and/or requirements; and any additions, revisions and/or supplements thereto. No one provided me with significant professional assistance with this **Review Report**.

My opinion of the difference, if any, in the "Market Value" of the entire tract **Before the Acquisition** and the "Market Value" of the remaining property immediately **After the Acquisition** is \$ _____, as allocated:

Allocation

Right Of Way \$ _____
 Permanent Easements \$ _____
 Temporary Easements \$ _____

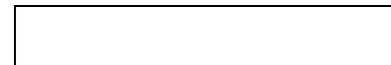
Total Value of Land Acquired \$ _____
 Value of Improvements Acquired \$ _____
 Damage to Remainder \$ _____
 Benefits to Remainder \$ _____
DIFFERENCE \$ _____



DATE OF CERTIFICATION

REVIEW APPRAISER

Un-Economic Remnant to the Owner is a Factor Yes No
 Area



Administrative Approval

APPROVED BY:

DATE:

