

INDOT APPRAISAL TRAINING SEMINAR

February, 2010



INDOT REAL ESTATE DIVISION

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INDIANA DEPARTMENT OF TRANSPORTATION

Driving Indiana's Economic Growth

100 North Senate Avenue
 Room N642
 Indianapolis, Indiana 46204-2216 (317) 232-5348 FAX: (317) 233-4929

Mitchell E. Daniels, Jr., Governor
 Karl B. Browning, Commissioner

INDOT APPRAISAL TRAINING SEMINAR

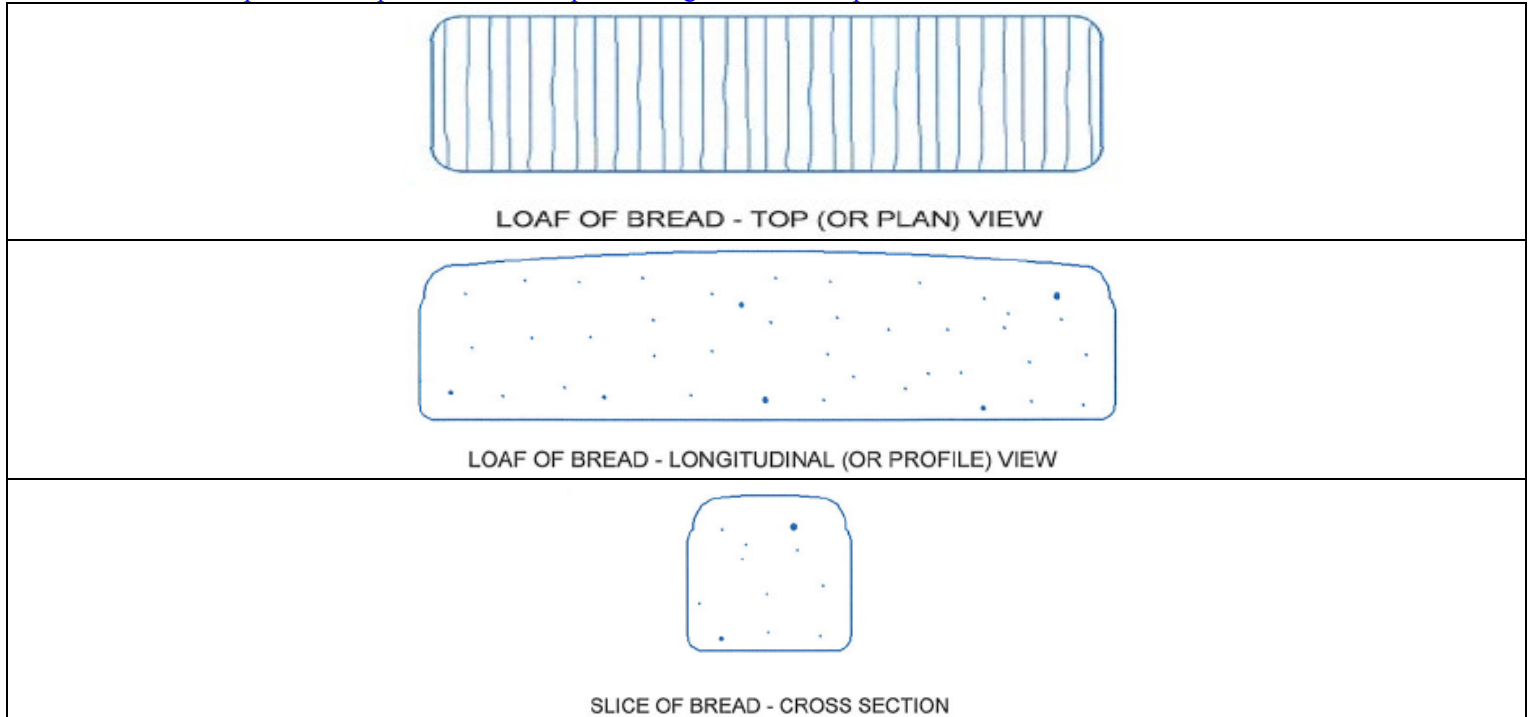
INTRODUCTION- Project Development Process

1.) Project Identification	5.) Design	b.) Consultant or Staff
• Purpose & Need for the project?	• Aerial (Survey)	• Negotiations
• Traffic data analysis	• Structural Services	a.) Office of Real Estate Region
• Created in Districts	• Roadway Services	b.) Consultant or Staff
2.) Project Authorization	• INDOT Production Management	• Relocation
• Planning: Central Office [C.O.]	6.) Public Hearings	a.) Office of Real Estate Region
• Scope: Design concept; [C. O.]	• INDOT Hearings Section	b.) Consultant or Staff
3.) Budget	7.) R/W Engineering (District Function)	• Administrative Services/Vouchers
• Estimated project cost; [C.O.]	• Abstracting	• Property Management- Office R.E.
4.) Environmental- NEPA:	• Legal Descriptions/Plats	• Condemnation- Acquisition R.E.
• National Environmental Policy Act	• Begins Design Plans 30% complete	***Attorney General's Office***
• INDOT Environmental Section	• INDOT District Offices	• R/W Certification- Prop. Manage.
• EIS- Environ. Impact Statement	8.) Real Estate	• Recording- Records Section
• CE- Categorical Exclusion	• Appraising	• Letting- INDOT Contracts
• FONSI- Find of No Significant Impact	a.) Office of Real Estate Region	• Construction- District construction

I. HIGHWAY PLAN READING

Highway plan reading is vitally important to understand the scope of the appraisal problem assignment and to competently explain the project's proposed right-of-way (R/W) acquisition to the property owners and/or their representatives. The three classic dimensional views of highway plan reading can be illustrated with a loaf of bread as follows:

Purdue Web Site: <http://trnst.ecn.purdue.edu/JTRP/planreadingcourse/CD2.asp>

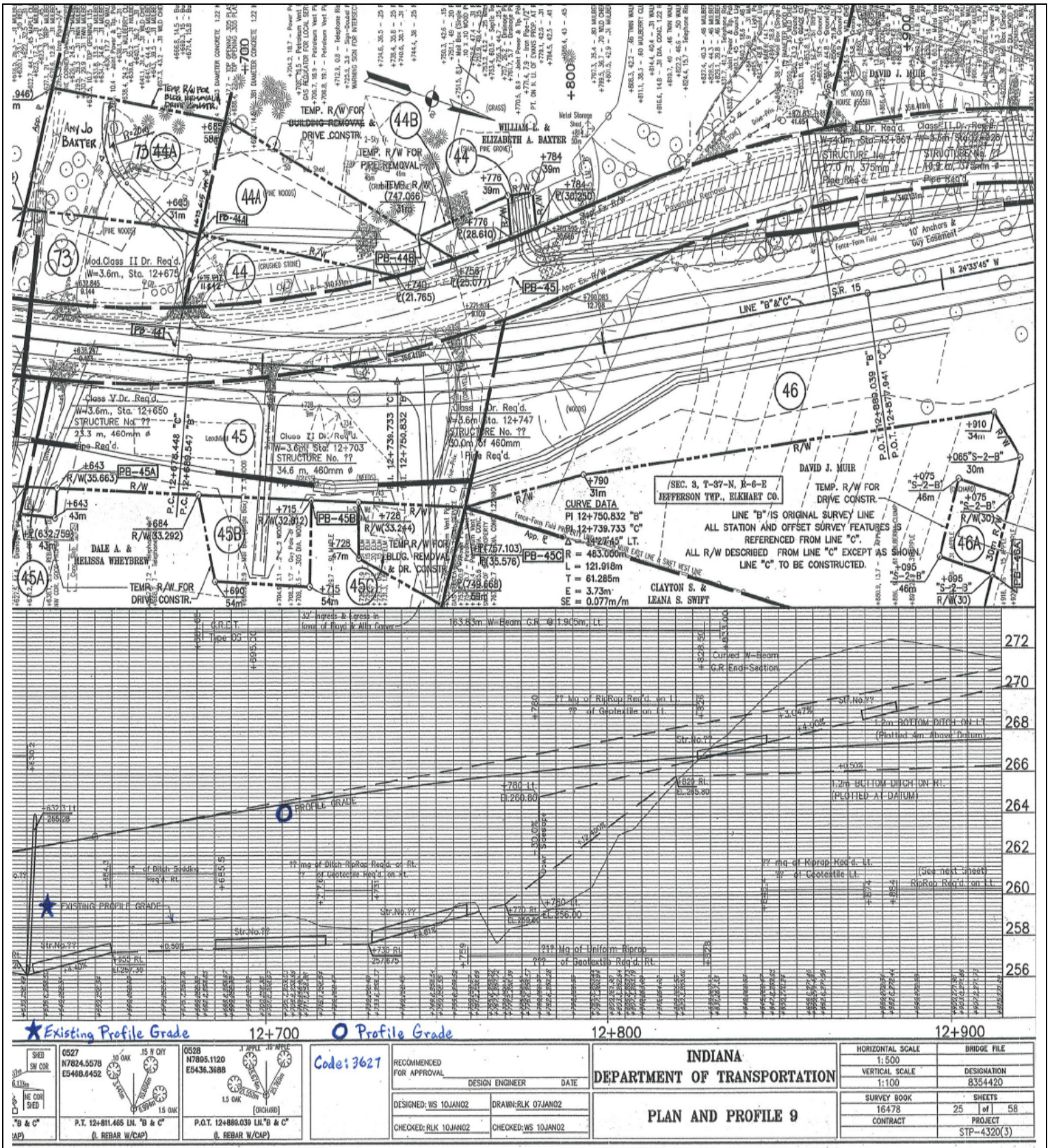


A. Plan & Profile Sheets- These pages depict the “Before” existing area and the proposed roadway area “After” the construction project has been completed.

1.) **Plan View-** It shows an overhead view of the highway project as if you were in an airplane looking down onto the roadway; for example the top of a loaf of bread. This view typically shows the roadway layout, improvements, land improvements, existing property lines, construction limits, stationing, fee simple R/W, temporary R/W, & so forth. Appraisers should identify and record all building and land improvements that are affected by the proposed R/W acquisition; including both above and below (i.e. septic systems, etc.) the ground surface that may require compensation. Please note that the following Plan & Profile sample for Code: 3627 will realign the centerline of SR 15 to the east to soften the curve radius for motorists.

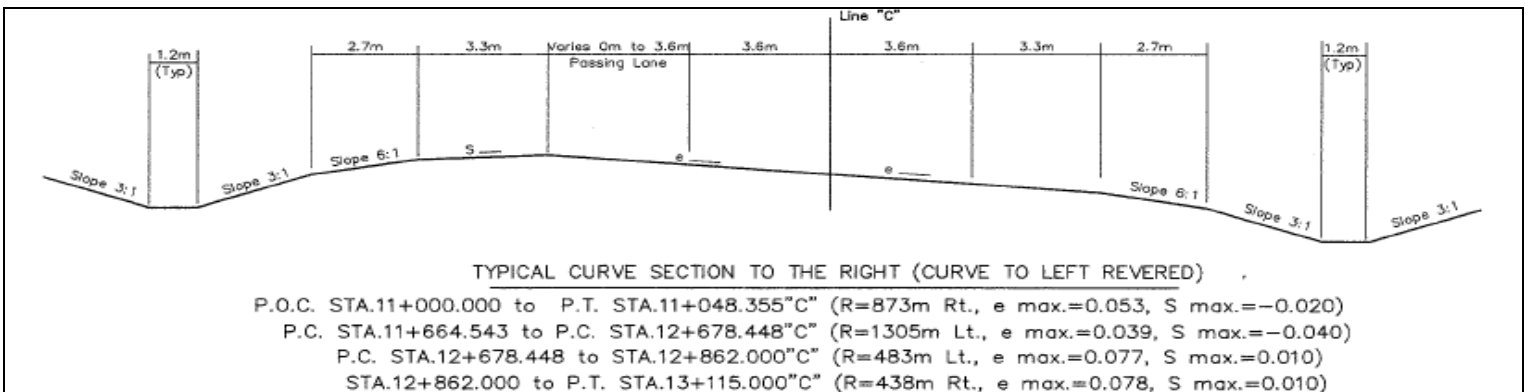
2.) **Profile View-** This is a side view of the project as if you were looking at the long side of a loaf of bread. It is a longitudinal section cut that typically depicts the “Existing Profile Grade” and the “(Proposed) Profile Grade” for the roadway ground elevation, along with any pertinent work that is to be performed underground. The bordering edge elevation numbers are typically set from above sea level and reflect either English or Metric numerations. Appraisers need to identify all elevation changes to the roadway grade that may affect the functional and economic use of the subject property. In the following Plan & Profile sample scenario for Parcel 73, Amy Jo Baxter (*Top left corner of the page*); the dwelling will be removed because of a project design feature to soften the dramatic elevation swing along the SR 15 hill that rises roughly 46 feet from the base (272 minus 258 = 14 meters). A substantial amount of new fill dirt to taper the access drive to Parcel 73 from the newly elevated roadway grade of SR 15 will require that the dwelling be razed with a Temporary R/W for Building Removal.

SAMPLE PLAN & PROFILE SHEET (Code: 3627-SR 15):



B. Cross Section Sheets—This front view is a diagram of the project as if you were looking at the front (short side) of a loaf of bread and lifting a slice from the middle. Each cross section diagram is cut at a certain project station along the centerline (i.e. Line “C”) and that station number is shown below the cross section itself. Cross sections typically reveal slope ratios, drainage, earthwork, roadway travel lanes & shoulder widths, and so forth. Appraisers should be able to explain to the property owner the general cross section concepts.

SAMPLE (Typical) CROSS SECTION SHEET (Code: 3627-SR 15; Identify corresponding Station Numbering to the Plan & Profile Sheet):

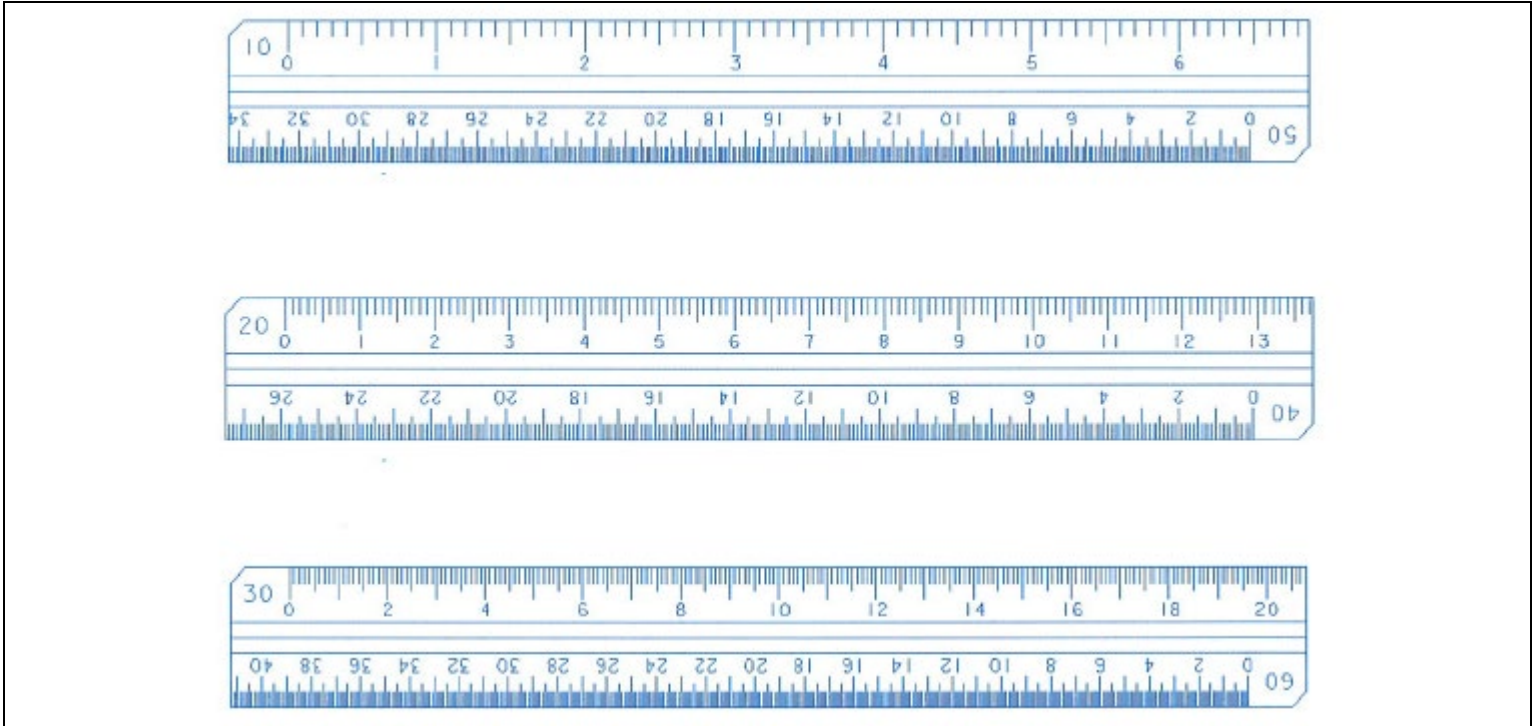


C. Engineer Scales- There are generally three types of scales used in plan reading; one (1) English and two (2) Metric versions. These scales are very useful in measuring distances in either feet or meters from the highway plans. There are generally two methods to identify and calibrate the proper Plan View scale on full-sized plans as follows:

1.) To measure the Plan View of the subject property, locate the “Horizontal Scale” at the bottom right corner of the Plan & Profile sheet that typically reads; 1” = 20’ (English) or 1:500 (Metric). If the scale indication is 1” = 20’; then turn the engineer scale to the number “20” labeled setting. Please note that generally the scale number will double for “half-sized” plan sheets; i.e. from “20” to “40”.

2.) Locate on the Plan & Profile sheet along the bottom border of the Profile View the Station numbering (i.e. 12+700 to 12+800; Page 4) that is typically spaced at either 100 feet or 100 meter intervals. Place engineer scale across the stationing numbers with previously identified setting number to verify calibration scale is accurately established. Place calibrated scale on the Plan View sheet to measure distances counting each small “tic” as generally representing one (1) foot or one (1) meter on “full-sized” plan sheets.

SAMPLE ENGLISH SCALES:



D. Training Exercise- As previously mentioned Station numbering is typically spaced at either 100 feet or 100 meter intervals along the plan sheets and generally increases numerically along the roadway project from either southwardly to northwardly or westerly to easterly. To identify and reference points or objects located along the roadway project, appropriate Station numbering is utilized with either the letter “R” (Right) or “L” (Left) after the Station number to determine which side of the road the point or object is located. For example on the Plan Sheet below labeled Code: 4292, the western property line for Parcel 4 is labeled “PL 50+66.14” and adding an “L” would identify what side of the road this point is located. Other letter or numerical reference marks may be placed along the roadway construction path to identify pertinent objects and a LEGEND may be found in the plans to define these reference marks. Please answer the following questions using the appropriate R/W plan sheet information from Code: 4292 that is attached to the following pages (Begin Const.-STA. 51+20 “B”)

- 1.) From the Plan View, what Station number is the eastern property line of Parcel 4 identified? **51+98.01 “L”**
- 2.) Using the Plan View, how far is the new Fee Simple R/W line from the centerline of Antwerp Road (Line “B”) at the eastern property line of Parcel 4-C? **31.27 feet**
- 3.) According to the Plan View, what is the depth of the Temporary R/W box at the driveway of Parcel 4-A? **15 feet**
- 4.) On the Plan View true or false; the “Constr. Limits” represented with a dashed line along Parcel 4 covers the entire Temp. R/W. **False**
- 5.) What is the approximate setback of the dwelling contained on Parcel 4, using the Scale: 1” = 40’? **About 56 feet**
- 6.) Using the Plan View and Legend; what does “F” and “26” represent on Parcel 4? **Sidewalk, Concrete and Sodding, Nursery**
- 7.) From the Profile View and located at Station 55+00; what is the approximate sea level elevation (in feet) of first the Proposed Grade Line and secondly the Existing Grade Line? **Proposed Grade Line: about 786 and Existing Grade Line: about 787 (feet above sea level)**
- 8.) On the Cross Section View; how many travel lanes are present and what is the width of each travel lane? **Two travel lanes & 8’ width**
- 9.) According to the Plan View sheet, who is the property owner for Parcel 6? **Bradley A. McAlexander (NOT always accurate)**

LEGEND (Code: 4292) [NOTE: Pages 4 & 5 Scale Correction for 100’ Station Intervals @ 40 Scale equals; Plan = 107’ & Profile = 104’]

Code: 4292 LEGEND (To Be Used On This Project)	
(C)	Cement Concrete Pavement For Driveways (6")
(D)	HMA, For Approaches, Type A (165#/#/ Syd HMA, Surface on 275#/#/ Syd HMA, Intermediate) on 8" Compacted Aggregate, No. 53, Base
(E)	HMA, For Approaches, Type B (165#/#/ Syd HMA, Surface on 275#/#/ Syd HMA, Intermediate on 1375#/#/ Syd HMA, Base)
(E)	HMA, For Approaches, Type B (165#/#/ Syd HMA, Surface on 275#/#/ Syd HMA, Intermediate on 1045#/#/ Syd HMA, Base)
(F)	Sidewalk, Concrete
(F)	Concrete Steps
(K)	16.5" Full Depth OC/QA-HMA Pavement 165#/#/ Syd OC/QA-HMA, 2.76, Surface 9.5 mm, on 275#/#/ Syd OC/QA-HMA, 2.76, Intermediate 19.0 mm, on 1375#/#/ Syd OC/QA-HMA, 2.64, Base 25.0 mm
(K)	13.5" Full Depth OC/QA-HMA Pavement 165#/#/ Syd OC/QA-HMA, 2.76, Surface 9.5 mm, on 275#/#/ Syd OC/QA-HMA, 2.76, Intermediate 19.0 mm, on 1045#/#/ Syd OC/QA-HMA, 2.64, Base 25.0 mm
(K)	OC/QA-HMA Pavement 165#/#/ Syd OC/QA-HMA, 2.76, Surface 9.5 mm, on 275#/#/ Syd OC/QA-HMA, 2.76, Intermediate 19.0 mm, on 8" Compacted Aggregate, No. 53, Base
(P)	HMA Patching, Type B (1045#/#/ Syd HMA, Base)
(R)	Milling Asphalt 1" and Resurfacing with 165#/#/ Syd OC/QA-HMA, 2.76, Surface 9.5 mm, on Variable Depth (275#/#/ Syd) OC/QA-HMA, 2.76, Intermediate 19.0 mm
(S)	6" Compacted Aggregate, No. 73
(U)	Underdrain
(W)	Widening with HMA, Type B (1045#/#/ Syd HMA, Base)
(13)	Curb, Concrete (6")
(15)	Concrete Curb & Gutter (6")
(16)	Curb & Gutter, Depressed
(26)	Sodding, Nursery
(29)	Retaining Wall
(30)	Concrete Curb Ramp (Type Is Indicated by Letter Inside Hexagon)

SEC. 29, T32N, R14E
SPRINGFIELD TWP.
ALLEN CO.

Code: 4292

STR. No. 50
C.B. B-15 & 11'
of 12" Pipe Req'd.

EQ: P.O.T. 52+64.14"B" (Bk.) =
P.O.T. 52+64.14"PRI-B" (Ab.) =

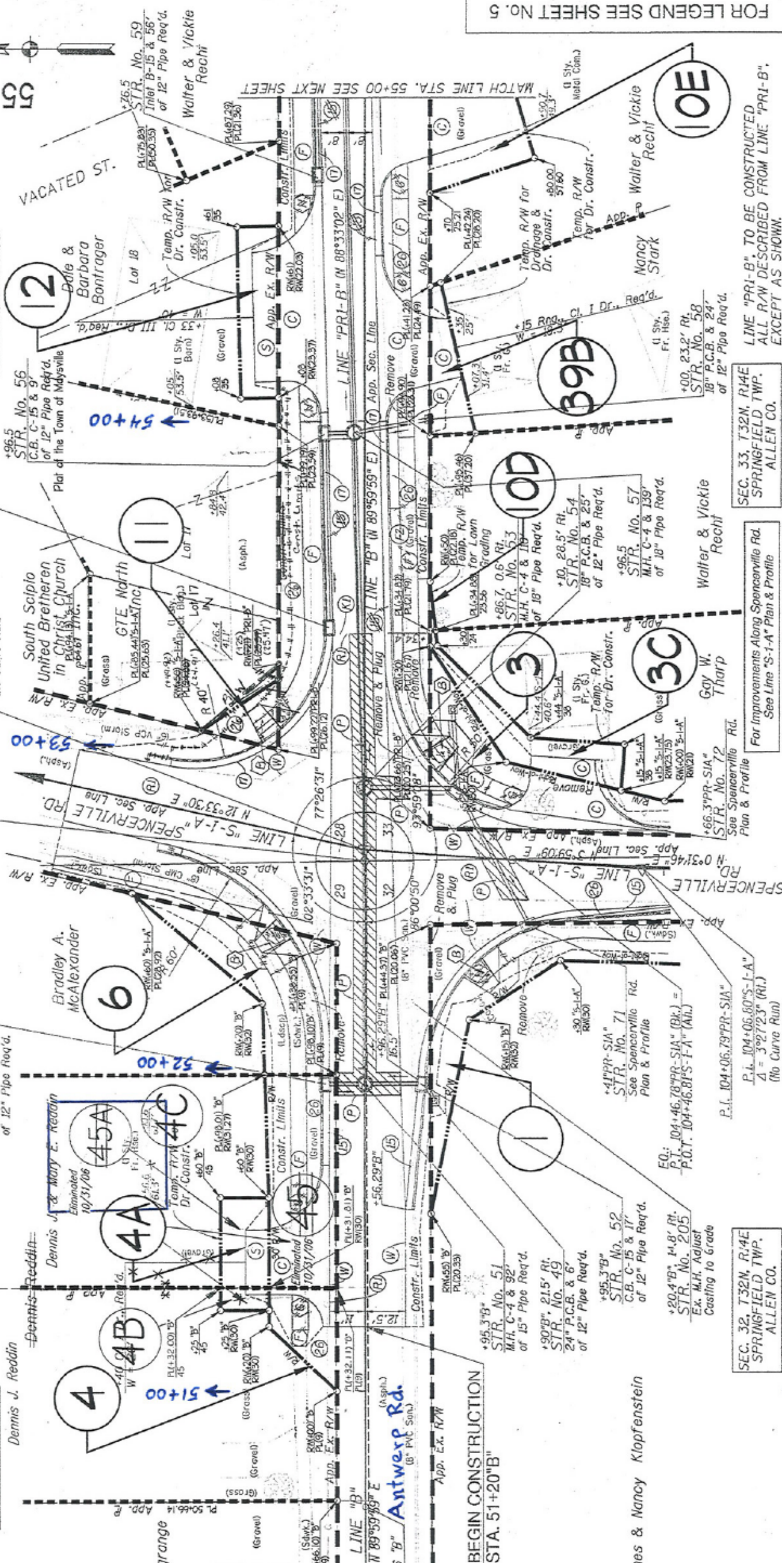
STR. No. 55
Inlet B-15 & 57'
of 12" Pipe Req'd.

SEC. 28, T32N, R14E
SPRINGFIELD TWP.
ALLEN CO.

STR. No. 56
C.B. C-15 & 9'
of 12" Pipe Req'd.

CODE NO. 4292

55+00



FOR LEGEND SEE SHEET NO. 5

SEC. 33, T32N, R14E
SPRINGFIELD TWP.
ALLEN CO.

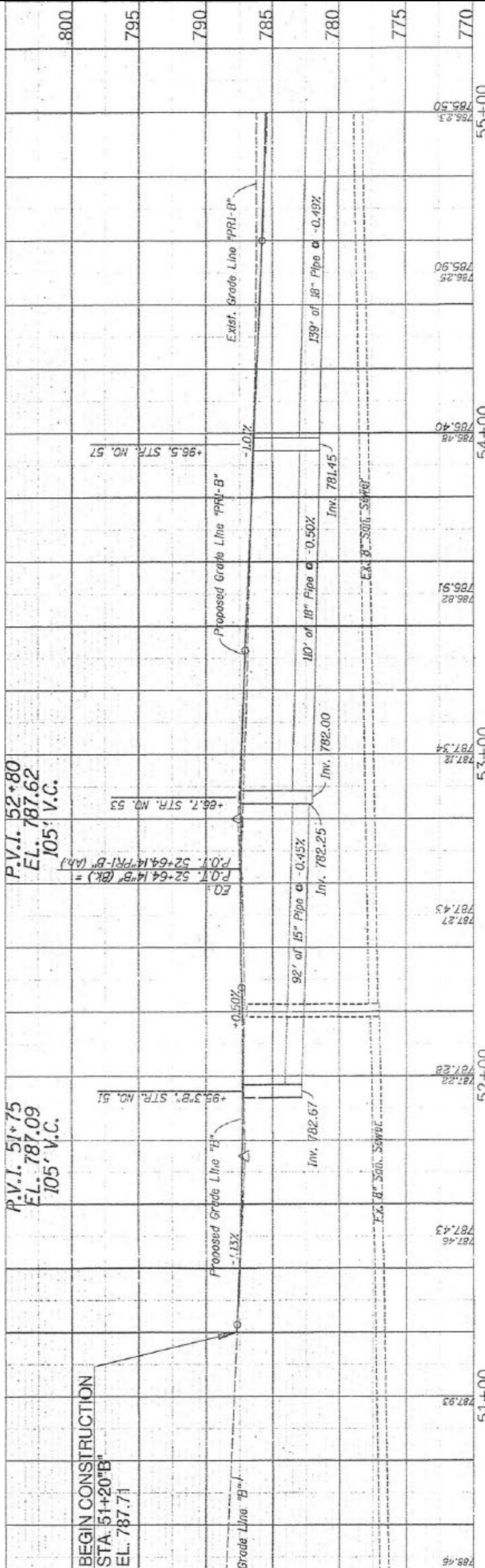
STR. No. 57
M.H. C-4 & 139'
of 18" Pipe Req'd.

EQ: P.L. 104+46.78"PR-SIA" (Bk.) =
P.O.T. 104+46.81"S-I-A" (Ab.) =

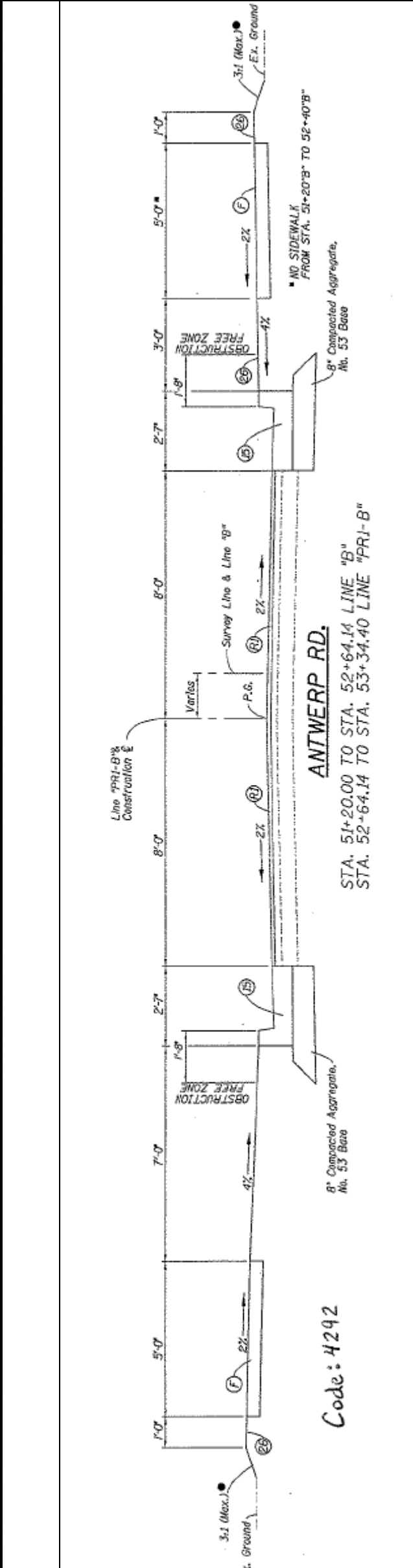
SEC. 32, T32N, R14E
SPRINGFIELD TWP.
ALLEN CO.

STR. No. 58
18" P.C.B. & 24'
of 12" Pipe Req'd.

LINE "PRI-B" TO BE CONSTRUCTED
ALL R/W DESCRIBED FROM LINE "PRI-B",
EXCEPT AS SHOWN.



DESIGN ENGINEER	DATE	RECOMMENDED FOR APPROVAL	INDIANA	HORIZONTAL SCALE 1" = 20'	BRIDGE FILE
			DEPARTMENT OF TRANSPORTATION	VERTICAL SCALE	DESIGNATION



II. APPRAISAL QUALIFICATIONS FOR STAFF AND FEE CONSULTANTS

	<p>Remember: S-A-F-E</p> <p>To work <i>Safely, Accurately, Fast, and Efficiently</i>. It is INDOT's goal to bring the project in on "TIME".</p> <p>Steps for fee appraisers to obtain contractual services with INDOT:</p> <ol style="list-style-type: none">1.) Be State certified or licensed by the Indiana Professional Licensing Agency2.) Complete the INDOT Appraisal Seminar & pass the exam.3.) Be prequalified; see below website link: http://www.in.gov/dot/business/consultants/index.html4.) Seek the contracting process. <p><i>WORK SMART; COUNT YOUR STEPS</i></p>
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A. INDOT Staff Appraiser- "Must have two years of transportation right of way experience or an Indiana Real Estate Broker's License. Training and development required to remain in the classification after employment. Knowledge of real estate or real estate property management; elementary math skills; state and federal guidelines applicable to assigned real estate disciplines. Ability to define problems, collect data, establish facts and draw valid conclusions; prepare meaningful, accurate and concise reports and documents; gather, collate and classify information about data, people or things; handle standard and sensitive business contacts with property owners, utility and/or other government representatives; cooperate with co-workers on group projects." [Per INDOT Job Posting for Staff Appraiser]

B. INDOT Staff Review Appraiser- "Must have five (5) years full-time professional experience in transportation right of way; or must have two (2) years full-time professional experience in transportation right of way appraising and review and possess an Indiana Real Estate Brokers License; must have a knowledge of real estate principles and practices, and State of Indiana and Federal Highway Administration laws, policies and procedures relative to right of way development, appraising, acquisition, relocation and property management processes. Ability to effectively organize and manage multiple projects and priorities. Must possess a valid Indiana driver's license." [Per INDOT Job Posting for Staff Review Appraiser]

C. Consultant Appraiser Requirements- from Page 58 of the *INDOT Consultant Prequalification Manual*, 8/10/05; PDF file copy below:

<p><u>12.4 Appraisal</u></p> <p><u>Definition of Appraisal:</u> 24.2(a) (3)</p> <p>The term appraisal means a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.</p> <p><u>Requirements</u></p> <p>Appraisals prepared for INDOT must be unbiased and supported opinions of value. An appraiser must be familiar with the Department of Transportation, FHWA's Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs Final Rule; 49 CFR Part 24.102 and 24.103; the Uniform Standards for Professional Appraisal Practice (USPAP); and the INDOT Appraisal Manual. Appraisals must be prepared on INDOT approved forms. Fee appraisers used by INDOT must be state certified or licensed by the Indiana Professional Licensing Agency. A person performing appraisals for INDOT must have the ability to read and understand complex right of way and construction plans.</p> <p><u>Submittal Requirements</u></p> <p>Applicants shall provide a detailed resumé including:</p> <ol style="list-style-type: none">1. Appraisal related experience with emphasis on work related to the eminent domain process. Specify number of years of appraisal experience.2. A list of INDOT right of way and appraisal courses completed (including year and location)3. Affiliations with professional organizations4. Types of property appraised and any specialty areas5. Experience in providing expert appraisal testimony in eminent domain cases6. Samples of appraisals which demonstrate the ability to estimate compensation utilizing a before and after analysis, i.e. complete self-contained USPAP compliant report7. A copy of the appraiser's current appraisal certificate or appraisal license issued by the Indiana Professional License Agency
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12.5 Appraisal Review

Definition

Review appraisers examine reports of other appraisers to determine if the conclusions presented are consistent with the data reported and are reasonable and compliant with all federal and federally assisted programs rules and regulations, Indiana state laws and the INDOT Appraisal Manual, given the specific facts and data available. The review appraiser is responsible for seeking clarification and/or correction to reports when necessary. The review appraiser will recommend to INDOT if the appraisal under review is believed to be just compensation. A person performing appraisal reviews for INDOT must have the ability to read and understand complex right of way and construction plans.

Requirements

A review appraiser must be a certified general real estate appraiser licensed by the Indiana Professional Licensing Agency. A review appraiser must have five (5) years experience with eminent domain appraisal methodology and must have an expert understanding of the Department of Transportation, FHWA's Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs Final Rule; 49 CFR Part 24.102 and 24.103; the Uniform Standards for Professional Appraisal Practice (USPAP); the INDOT Appraisal Manual and the interrelationship of appraisal / appraisal review to the overall acquisition process.

Submittal Requirements

Applicants shall provide a detailed resumé including:

1. Appraisal related experience with emphasis on work related to the eminent domain process. Specify number of years of appraisal experience.
2. A list of INDOT right of way and appraisal courses completed (including year and location)
3. Affiliations with professional organizations
4. Types of property appraised and any specialty areas
5. Experience in providing expert appraisal testimony in eminent domain cases
6. Samples of appraisals which demonstrate the ability to estimate compensation utilizing a before and after analysis report
7. A copy of the appraiser's current appraisal certificate or appraisal license issued by the Indiana Professional License Agency

E. Consultant Appraisal Types Performed [2006 Appraisal Manual, Chapter 7; Page 133-134]

- 1.) Licensed Residential Appraisers may appraise:
 - a.) Residential acquisitions up to four (4) units.
 - b.) Any bareland or residential appraisal with no severance damage.
 - c.) Parcels with minor cost-to-cure items such as the relocation of wells, septic systems, fencing, & signs or billboards.
- 2.) Certified Residential Appraisers may appraise:
 - a.) Multi-family residential properties.
 - b.) Partial acquisitions with setback damages to the residue dwelling or damages to the residue land.
 - c.) Properties with minor severance/angulation damages to the residue land area.
- 3.) Certified General Appraisers may appraise:
 - a.) All of the above properties plus;
 - b.) Total takes of any property types.
 - c.) Partial takes with damages to the residue.
 - d.) Properties with major cost-to-cure items (such as renovating a structure, or replacing the existing utility of a structure).
 - e.) Signs and billboards which are not owned by the fee simple property owner which must be purchased.

F. Competency Rule for Appraisers [USPAP 2010 Edition, Page U-11]

“Prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience to complete the assignment competently; or alternatively, must:

- 1.) Disclose the lack of knowledge and/or experience to the client before accepting the assignment;
- 2.) Take all steps necessary or appropriate to complete the assignment competently; and
- 3.) Describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.”

III. COMMONLY USED TERMS

	<p>R/W Appraising may be a BARREL O' FUN but there are certain fire control "priorities" necessary to ensure project TIMELINESS & these are some project backbreakers:</p> <p><u>FIRE 1- COST-TO-CURE</u> delays; seek cost estimates <u>immediately</u>.</p> <p><u>FIRE 2- SPLITS or PARTIAL SELL-OFFS</u>; return for revision <u>immediately</u>.</p> <p><u>FIRE 3- DESIGN CHANGES</u>; return for revision <u>immediately</u>. <i>WORK SMART; COUNT YOUR STEPS</i></p>
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APPRAISAL PROBLEM ANALYSIS (APA): The APA process is a vital first step in identifying and defining the appraisal problem, type of appraisal, and the scope of work involved to complete the assignment. Using the proper INDOT fee schedule worksheet, the APA will **state** the estimated fee for each parcel assignment and the APA preparer will typically be responsible for sending out to the property owners the "letters of intent" in compliance with provision 49 CFR.102 (b) from the Federal Register dated 1/04/05.

COST-TO-CURE ESTIMATES: This is an acceptable method of mitigating damages to the residue and typically involves the replacing of some type of land improvement item. The appraiser must state the reason(s) for concluding that a cost-to-cure payment is the most feasible method of measuring the damages. The cost-to-cure estimate must be equal to or less than the severance damage compensation that would result if the cost-to-cure method was not utilized. Common "*simple*" cost-to-cures usually involve no electrical work and include small signs, general fencing (e.g. chain link, wooden, & farm field type), small landscaping work (e.g. railroad ties, rocks, etc.) and so forth. Common "*complicated*" cost-to-cures consist of multiple estimates and larger signs/electrical work, extensive fencing, in-depth landscaping work, building remodeling, well & septic relocation, etc. Note typically *living items* (e.g. trees, shrubs.) are purchased and not cost-to-cured with the exception of commercial items such as landscaped sign planters, commercial plants inside a Temporary R/W & so forth. [**FIRE 1**]

DESIGN CHANGES: These are normally initiated by either INDOT Design or by the INDOT Office of Real Estate to correct or better facilitate a R/W problem that many times will reflect a property owners concerns and compensation issues. Typically the R/W plans will be amended to note changes i.e. a Do-Not-Disturb added to protect a certain land improvement or pulling back the R/W line to avoid severance damages. [**FIRE 3**]

DESK REVIEW: "An appraisal review that is limited to the data presented in the report, which may or may not be independently confirmed. A desk review is generally performed using a customized checklist of items. The reviewer checks the accuracy of the calculations, the reasonableness of the data, and the appropriateness of the methodology as well as compliance with client guidelines, regulatory requirements, and professional standards." [The Appraisal of Real Estate, 12th Edition; Page 637]

ECONOMIC STUDIES: These are also called After Value Sales, Residue Sales, Severance Studies, and/or Setback Studies. When utilized; economic studies appear almost exclusively in the after valuation as supporting data to justify severance damages. These are most commonly seen in residential setback Long Form appraisal reports.

EXCESS LAND: This is typically a real property residue acquired by the State during the R/W acquisition phase of a highway project and is deemed unnecessary for the completion of the project but required in the negotiation process. Excess real property can be either a property right (i.e. easement etc.) or real property in fee simple and it may be improved or unimproved but often is an uneconomic remnant.

NAME CHANGE: When there is a change in ownership on an assigned parcel; a name change form is completed and processed. **The appraiser should send one copy of the name change notice to the appropriate INDOT District (6 Districts) Program Director I for the Office of Real Estate and then mark out the original fee owner(s) name on the parcel packet & add the new fee owner(s) name.**

PERPETUAL EASEMENT: Fee title is maintained by the fee owner; however the acquiring agency has the right to use the R/W for the intended purpose. (i.e. drainage ditch maintenance & so forth) and compensation is paid at 95% of the fee simple market value.

PRESENTLY EXISTING RIGHT-OF-WAY (PER): In some instances, the R/W acquisitions or grants by the acquiring agency were either not recorded or not recorded timely. In an effort to correct this situation, parcels may include a break-out of the area of existing R/W to be acquired in fee simple by Warranty Deed. The 2006 Appraisal Manual has rules concerning the compensation for PER.

SETBACK: The measured distance between an improvement (**living area**) and the R/W line. The setback for a residential dwelling **is** measured from the R/W line to the closest point of living area, however PER shall be measured from the edge of travel lane pavement; not the R/W line.

SEVERANCE DAMAGES: The extent to which the functional utility of a property has been **impacted** and its market value diminished by the R/W acquisition. Factual data having a support of **damages** is required.

SPLITS or PARTIAL SELL-OFFS: When there is a partial sell-off in ownership that affects the proposed R/W acquisition, then the parcel should be returned for revision to **INDOT**. [**FIRE 2**]

UNECONOMIC REMNANT: A parcel of real property after the acquisition of the owner's property **that** has little to no value or functional utility. Typically the highest and best use for uneconomic remnants is assemblage to adjoining property owners.

IV. APPRAISAL REPORTS

{From Chapter 2 of the Appraisal Manual}

***Appraisal Manual Page Reference



The **PURPOSE** of the INDOT Appraisal Manual is to establish guidelines for staff & fee appraisers in the preparation of appraisal reports & all related assignments.

The ultimate **GOAL** of the INDOT Office of Real Estate is to secure required R/W from the public to complete highway improvement projects. Accomplishing this eminent domain task involves a series of seven (7) professional steps that are listed below:

- Design Engineering the Project
- Abstracting Title Information
- R/W Engineering the Parcel Deeds
- Appraising & Review of Parcels
- Buying Negotiation of Parcels
- Condemnation of Parcels (as needed)
- Property Management

WORK SMART; COUNT YOUR STEPS

***PAGE 14

A. Compliance Requirements for All Appraisal Assignments & Reports (5 Items) and also, INDOT will “reference” at least two other publications for resource material that are identified as; the Appraisal Guide (FHWA) and the Uniform Appraisal Standards for Federal Land Acquisitions dated 2000 (aka: “The Yellow Book”; a very technical manual & the 49 CFR Part 24 makes numerous references to this manual & the National Highway Institute (NHI) states that; “an appraiser must consider” this external publication.)

1.) **Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970**, (URA) Public Law 91-646 dated January 2, 1971, (a.k.a. The Uniform Act). All appraisals must conform to Title III of the Uniform Act and appropriate Federal regulations.

2.) **49 CFR** (Code of Federal Regulations) **Part 24**; updated January 4, 2005; Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs; Final Rule. [Agency: Federal Highway Administration (FHWA), DOT]; Effective February 3, 2005 from the Federal Register.

3.) **Uniform Standards of Professional Appraisal Practice (USPAP)**; and appropriate Indiana Law

****NOTE: The **Jurisdictional Exception** provision in USPAP allows governmental agencies to request and obtain appraisal services without causing licensed and certified appraisers to be in violation of USPAP. ****

4.) **INDOT Appraisal Manual**; Office of Real Estate

5.) **Indiana Law**- All appraisals are to be treated as confidential and the content of ANY appraisal prepared for the Office of Real Estate is not to be revealed to anyone other than INDOT staff personnel, FHWA personnel, and personnel from the Attorney General’s Office.

However recent INDOT policy enacted March 24, 2006 provides for the DAG (**Deputy Attorney General**) implementation of the new provisions set forth in the Indiana House Bill known as **HB 1010**; resulting in INDOT “providing the owner of the property with an appraisal...” The DAG implementation of **HB 1010** is as follows:

“The **Negotiator** should give each owner a copy of the appraisal, reproduced in **green**, with a cover document, also in **green**, that reads as follows:

CONFIDENTIAL DOCUMENT. NOTICE: This appraisal document has been classified as confidential pursuant to IC 8-23-2-6(c)(2). It is being provided to you as authorized by IC 32-24-1-3(c), but with limitations set forth in Indiana Trial Rule 5(G). This appraisal report was used to establish the proposed purchase price as set forth in the Uniform Property or Easement Acquisition Offer presented to you by the State’s Buyer. This appraisal is excluded from public access, and is issued within the context of an offer to purchase real estate or real estate interests. It may not be used in court if eminent domain proceedings become necessary.”

***PAGE 15

B. Summary of Appraisal Reports [Primary INDOT reports used are the *Waiver Valuation, Value Finding, Short Form, & Long Form*]

- 1.) **Waiver Valuation** (*NOT an appraisal*) - Simplified valuation of an uncomplicated parcel; compensation is \$10,000 or less.
- 2.) **Value Finding**- An uncomplicated appraisal report where the total compensation to the owner will not exceed \$20,000.
- 3.) **Short Form**- This appraisal may be used for either a PARTIAL or TOTAL property acquisition; there is no dollar limitation.
- 4.) **Long Form**- This appraisal will establish both a “Before” and “After” valuation and typically measures severance damages.
- 5.) **Narrative Report**- Used in lieu of the Long Form or Short Form; following the same criterion set forth in the Long Form.
- 6.) **Excess Land Report**- State owned real property declared excess; that is appraised for disposal via this appraisal report.
- 7.) **Specialty Report**- An appraisal of items that are often deemed personal property & not to be relocated; i.e. machinery, etc.

IMPORTANT APPRAISAL PRINCIPLE:

HIGHEST & BEST USE- The reasonably probable & legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, & that results in the highest value. Four major criteria:

- Legal Permissibility
- Physical Possibility
- Financial Feasibility
- Maximum Profitability

All R/W appraisal decisions “HANG” on this basic principle; from the APA to the final review (i.e. multiple land uses & value, change in use & damages, & so forth)

Concerning the PHOTO: Utility poles are “NOT” a reliable method to identify the R/W/property line in front of a site; therefore when R/W staking is unavailable; seek to verify with the R/W plans.

WORK SMART; COUNT YOUR STEPS

***PAGES 16 &17

C. Appraisal Assignments

1.) Each assignment from INDOT supervision should include an APA and when necessary the appropriate fee schedule estimate. The parcel packet for each parcel should include the following:

- a.) Title and Encumbrance Report;
- b.) Engineering Land Plat (sketch of subject site) & **Fee Simple** R/W lines;
- c.) Deeds indicating areas and rights to be acquired;
- d.) Appropriate R/W plan sheets;
- e.) L-10 sheet and/or Computation Area Sheets.

2.) Right-of-Way Plans may include:

- a.) Title Sheet; overview of project & general road system.
- b.) Parcel Listing Sheet; showing fee title owners, parcel numbers, area of entire tract, etc.
- c.) Typical cross sections showing proposed road design.
- d.) Strip maps showing the relative locations of property lines and existing & proposed roads.
- e.) Plan & Profile Sheets and Detail Sheets
- f.) Approach tables showing the location & construction of public & private drives & entrances. (**Design Plans**)
- g.) Aerial Photo Mosaic Sheets showing property lines & R/W lines.

***PAGES 18 &19

D. Appraisal Problem Analysis (APA) & Fee Estimate

The APA is an **agreement between the Agency & the Appraiser of the appraisal problem** and the first step in the appraisal process to define the appraisal problem and scope of work involved to complete the assignment for the property to be acquired. Appraisal staff or fee personnel will perform this task by studying the R/W plans, examining pertinent material from the parcel packet and project file, and conducting a field inspection of the project area. If the APA is prepared from only the R/W plans, then a review appraiser must verify that the APA was properly analyzed to the correct appraisal report. Concerning the APA columns noted for “**Rev.**” (**Reviewer**) or “**Appr.**” (**Appraiser**); the APA preparer (**typically the Reviewer**) should check the appropriate box. Using the current INDOT fee schedule worksheet, the APA will **state** the estimated fee for each parcel assignment. Please note the APA should contain photo views of the front of the subject and the R/W acquisition areas. {**SAMPLE COPY of APA attached to the following page**} *Effective on August 20, 2009 the FHWA “Notice of Intent to Acquire” letter was placed in the responsibility of INDOT Relocation and therefore will NOT be sent out to the property owner during the APA process anymore.*

***PAGES 20 thru 23

E. Field Check/Cost Estimates

INDOT staff appraisers/reviewers are given *Preliminary Field Check* assignments for the purpose of identifying the impact that the project will have on the property to be acquired and estimate the cost of the acquisitions. This estimate is then used for project budgeting purposes and /or to request monetary participation by the Federal Highway Administration (FHWA). Suggestions for design changes that may alleviate damages to property and/or reduce the R/W necessary for the project should be made by the appraiser during the field check. A follow-up memorandum is to be prepared and distributed within a few days of attendance at the field check.

Final Field Checks are scheduled in various stages of project development and staff appraisers/reviewers may be assigned to attend them when design changes have been made subsequent to the *Preliminary Field Check* or the appraisal process is nearing completion.

***PAGES 24 thru 26

F. Waiver Valuation [49 CFR Part 24.2 (a) (33)] (WV); {SAMPLE COPY of WV attached to the following page}

- 1.) This is NOT an appraisal; **and completed comp sheets will be attached to the back of this valuation report.**
- 2.) Simplified valuation of an uncomplicated parcel; compensation is \$10,000 or less.
- 3.) URA Rule (Uniform Act; Title III) appraisal requirements & USPAP standards relating to appraisals do not apply.
- 4.) Prepared by a **knowledgeable** person who is aware of the general market values in the project area.
- 5.) Cost-to-cures & owner contacts optional; but only when necessary by INDOT.
- 6.) In-depth review NOT required; must be approved by an INDOT appointed Approval Designee.

APPRAISAL PROBLEM & FEE ESTIMATE SHEET

Project Location SR 15 @ SR 120 in Bristol, IN **Present Use** Deli and Bed & Breakfast Business **Code** 4492

This appraisal must comply with the 5 following requirements: [See appendix A, 24.103 & 24.103(a). from Federal Register/Vol. 70,#2]

- (i) An adequate description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, an adequate description of the remaining property), including items identified as personal property, a statement of the known and observed encumbrances, if any, title information, location, zoning, present use, an analysis of highest and best use, and at least a 5-year sales history of the property. [See appendix A, 24.103(a)(1).]
- (ii) All relevant and reliable approaches to value consistent with established Federal and federally-assisted program appraisal practices. If the appraiser uses more than one approach, there shall be an analysis and reconciliation of approaches to value used that is sufficient to support the appraiser's opinion of value. [See appendix A, 24.103(a).]
- (iii) A description of comparable sales, including a description of all relevant physical, legal, and economic factors such as parties to the transaction, source and method of financing, and verification by a party involved in the transaction.
- (iv) A statement of the value of the real property to be acquired and, for a partial acquisition, a statement of the value of the damages and benefits, if any, to the remaining real property, where appropriate.
- (v) The effective date of valuation, date of appraisal, signature, and certification of the appraiser.

A. TYPE OF PROPERTY		B. TYPES & SIZES OF TAKINGS		Parcel No.	00
<input type="checkbox"/>	Residential	PERM. R/W	745 SF	Project/Des.	STP-181-0 (015); 9706590
<input checked="" type="checkbox"/>	Commercial Improved			Road	SR 15
<input type="checkbox"/>	Industrial	TEMP. R/W	-0-	County	Elkhart
<input type="checkbox"/>	Agricultural	PERPETUAL EASEMENT	-0-	Owner	Any Business USA, LLC
<input type="checkbox"/>	Special	ACCESS RIGHTS	<input type="checkbox"/>		

Net Total Area **18,216 net SF** PRESENTLY EXISTING R/W

C. IMPROVEMENTS TAKEN (Per Plans &/or Visual Inspection)		D. LAND IMPROVEMENTS TAKEN (Per Plans &/or Visual Inspection)	
<input type="checkbox"/>	Residential	<input checked="" type="checkbox"/>	Bushes, lawn, trees: Lawn, tree, shrubs, and flowers
<input type="checkbox"/>	Agricultural	<input type="checkbox"/>	Septic-Laterals, Well (possible)
<input type="checkbox"/>	Commercial	<input type="checkbox"/>	Drives and parking:
<input type="checkbox"/>	Industrial	<input type="checkbox"/>	Other:
<input type="checkbox"/>	Other		Comments:

Comments:

E. POSSIBLE RESIDUE DAMAGES (Per Plans and/or Visual Inspection)

BUILDINGS				LAND			
Rev.	Appr.			Rev.	Appr.		
<input type="checkbox"/>	<input type="checkbox"/>	Front Setback		<input type="checkbox"/>	<input type="checkbox"/>	Angulation	Reduction in Size
<input type="checkbox"/>	<input type="checkbox"/>	Side Setback		<input type="checkbox"/>	<input type="checkbox"/>	Separation	Loss of Frontage
<input type="checkbox"/>	<input type="checkbox"/>	Rear Setback		<input type="checkbox"/>	<input type="checkbox"/>	Landlocking	Fill
<input type="checkbox"/>	<input type="checkbox"/>	Loss of Utility ***See Below		<input type="checkbox"/>	<input type="checkbox"/>	Impaired Area	Cut
<input type="checkbox"/>	<input type="checkbox"/>	Cut or Fill		<input type="checkbox"/>	<input type="checkbox"/>	Other	
<input type="checkbox"/>	<input type="checkbox"/>	Loss of Screening					
<input type="checkbox"/>	<input type="checkbox"/>	Loss of Security					

Comments:

F. RECOMMENDED REPORT, APPROACHES, ETC.

Rev.	Appr.		Rev.	Appr.	
<input type="checkbox"/>	<input type="checkbox"/>	Long Form or Narrative	<input type="checkbox"/>	<input type="checkbox"/>	Develop More Than One Land Value to Solve Appraisal Problem
<input type="checkbox"/>	<input type="checkbox"/>	Short Form			Types of land:
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Value Finding	<input type="checkbox"/>	<input type="checkbox"/>	Possible Special Benefits:
<input type="checkbox"/>	<input type="checkbox"/>	Waiver Valuation (up to \$10,000)	<input type="checkbox"/>	<input type="checkbox"/>	Cost to Cure Types: Sign with (2) ground mounted lights & (2) 5' long white vinyl fence sections.
<input type="checkbox"/>	<input type="checkbox"/>	Cost Approach - Before			Breakdown on Personality and Realty:
<input type="checkbox"/>	<input type="checkbox"/>	Cost Approach - After	<input type="checkbox"/>	<input type="checkbox"/>	Potential Comparable - Transferred on: 10/01/2003*****
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cost Approach - Land & Land Imp	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Temp. R/W for:
<input type="checkbox"/>	<input type="checkbox"/>	Observe Building Value	<input type="checkbox"/>	<input type="checkbox"/>	P.E.R. Procedure:
<input type="checkbox"/>	<input type="checkbox"/>	Market Approach - Before			Other:
<input type="checkbox"/>	<input type="checkbox"/>	Market Approach - After	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	Income Approach - Before	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	Income Approach - After			

G. SCOPE OF WORK & PROJECT- All appraisals must conform to Title III of the Uniform Act, appropriate Federal regulations, USPAP, & the current INDOT Appraisal Manual; unless certain jurisdictional exceptions apply.

In conjunction with the **SR 15 @ SR 120** highway improvement project in **Elkhart County** for the purpose of constructing a bi-directional center turn lane; the INDOT recommended report for the subject site is a **Value Finding**. The above outline/scope is basic information pertaining to the property. The purpose of this valuation is to indicate and establish fair market value of, any permanent right of way, any temporary right of way, any perpetual easements, and/or any presently existing right of way (P.E.R.) areas for the proposed project improvements. **The area of acquisition is a 7.50' x 100' rectangular strip containing 745 SF of fee simple R/W and located along SR 15 at the subject's western property line and as previously stated certain land improvements and cost-to-cures will be necessary. The Residue area will contain 17,471 SF and the subject is identified on Plan Sheet 14 between Stations 10 + 628 & 10 + 658. Please see attached photos and aerials.**

H. COMMENTS: {Confirm 911 Address of subject property}

***The highest & best use of the property will be unaffected by the R/W acquisition; considering the street parking loss to the business is not compensable as damages. Red canopy overhanging the sidewalk will not be affected by the R/W acquisition.

I. REVIEW APPRAISER'S ESTIMATED FEE FOR THE ABOVE PARCEL: \$1,400.00

Prepared By:

Dan A. Wait 1/30/06
Name: Date

Fee Appraiser _____
(Signature)

WAIVER VALUATION

Code _____

Type of Property _____

Project/Des. _____

Indicate: Residential, Commercial, Bare land, Farm, Special, Industrial

Location _____

Parcel _____

Owner _____

Phone _____

Road _____

Address _____

County _____

Area and type of Acquisition:

Fee Simple R/W _____

Temporary R/W _____

Access Rights _____

VALUATION PROCEDURE::

Section 24.102(c)(2) Appraisal, waiver thereof. The purpose of the appraisal waiver provision is to provide Agencies a technique to avoid the costs and time delay associated with appraisal requirements for low-value, non-complex acquisitions. The intent is that non-appraisers make the waiver valuations, freeing appraisers to do more sophisticated work. The Agency employee making the determination to use the appraisal waiver process must have enough understanding of appraisal principles to be able to determine whether or not the proposed acquisition is low value and uncomplicated. **Waiver valuations are not appraisals** as defined by the Uniform Act; therefore, appraisal performance requirements or standards, regardless of their source, are not required for waiver valuations by this rule. Since waiver valuations are not appraisals, neither is there a requirement for an appraisal review. However, the Agency must have a reasonable basis for the waiver valuation and an Agency official must still establish **an amount believed to be just compensation** to offer the property owner(s). The definition of "appraisal" in the Uniform Act and appraisal waiver provisions of the Uniform Act are Federal law and public policy and should be considered as such when determining the impact of appraisal requirements levied by others.

The values estimated are not based on a valuation of the whole property, but pertain to the right-of-way acquired, as it is estimated to contribute to the whole. This is a restricted estimate made under the Jurisdictional Exception provision in USPAP which allows governmental agencies to request and obtain valuation services for simple acquisitions without causing licensed and certified appraisers to be in violation of USPAP. Also, per State guidelines, the estimator in connection with this assignment did not contact the owners unless otherwise stated in this report.

INTENDED USE and INTENDED USER OF REPORT _____

SCOPE OF PROJECT

SCOPE OF WORK:

FIVE YEAR SALES HISTORY:

PROPERTY INSPECTION AND OWNER CONTACT(IF APPLICABLE):

LEGAL DESCRIPTION:

MARKET AREA DESCRIPTION

ZONING AND HIGHEST AND BEST USE

DESCRIPTION AND COMMENTS ABOUT PROPERTY:

SUPPORT FOR THE FAIR MARKET VALUE: (INCLUDING IMPROVEMENTS AND/OR COST-TO-CURE)

TOTAL \$ _____

Unit value of Land _____

Signature _____

Name Printed _____

Fair Market Value: _____

Date _____ Appr. Lic. No. _____

Broker License No. _____

Approved

Total Due Owner _____

Signature _____

Minimum Award

Name Printed _____

Date _____

Approved For Negotiations

Signature _____

Date _____

Name Printed _____

Acquiring Agency/Title _____

G. Guidelines for Preparing Value Finding (VF), Short Form (SF) & Long Form (LF) Appraisal Reports

***PAGES 26 & 27

- 1.) State Form "CF-3" ([Front Page](#)) is the first page for the VF, SF, & LF appraisal reports, containing general information {*SAMPLE COPY of CF-3 attached to the following page*};
 - a.) Code (Number)
 - b.) Type of Report (i.e. VF, SF, or LF indicate with an "X" & also indicate with an "X" Partial or Total Acquisition)
 - c.) Type of Property (i.e. Residential, Commercial, Bareland, Farm, Special, & Industrial for INDOT data base)
 - d.) Project Number/*Des. #*
 - e.) Location (must include a "911 address"; estimate the road address on vacant tracts; e.g. 5000 Block Main Street)
 - f.) Owner with Phone & Address
 - g.) Road (Number)
 - h.) County
 - i.) Tenant or Contract Buyer
 - j.) Land Areas (i.e. Before, After, Acquisition, Temp. R/W, Perpetual R/W, PER, & Access Rights)
 - k.) Certification (including the "*Effective Date*" {last date the property was viewed by the appraiser} & Compensation \$)
 - l.) Summary (compensation data developed in the report with the Before & After Values OBSERVED when appropriate)
 - m.) Primary Appraiser (staff or contracted fee appraiser signature); Assisted By (signature of fee person assisting)
 - n.) Date (signature date of report must be no more than "30 days" after the effective date/last viewing)

***PAGES 28 thru 31

- 2.) Scope of Work & Project; conforming to FHWA general standards [<http://www.fhwa.dot.gov/REALESTATE/sow4.htm>].
 - a.) Provide an appraisal meeting INDOT's definition; compatible with 49 CFR 24.2(a)(3).
 - b.) Afford the owner or representative the opportunity to accompany the appraiser on the property **observation**.
 - c.) Perform an **observation** of the subject property; appropriate to the assignment.
 - d.) Appraisal report; includes a sketch of the property with the location & dimensions of any improvements along with "*digital*" photographs of the subject property & comparable sales; providing maps of the property & comparable sales.
 - e.) Other appraisal report requirements:
 - Property Right(s) to be acquired (*e.g. fee simple, easement, leasehold interest, limited access, etc.*);
 - Value being appraised (*usually fair market value*) & its definition;
 - Appraised as if free & clear of contamination (or as specified);
 - Date of the appraisal report & the date of valuation (*i.e. effective date*);
 - Realty/personalty report is required per 49 CFR 24.103 (a)(2)(i);
 - Known & observed encumbrances, if any;
 - Title information;
 - Location;
 - Zoning;
 - Present use, and;
 - At least a "*5-year sales history*" of the property.
 - f.) In the appraisal report, identify the "*highest & best use*" and if different from the present use; provide an analysis.
 - g.) Present & analyze relevant market information; *include research, analysis, verification, & inspection of sales.*
 - h.) In developing & reporting the appraisal, "*disregard*" any decrease or increase in the fair market value of the real property caused by the project for which the property is to be acquired or by the likelihood that the property would be acquired.
 - i.) Report his or her analysis, opinions, & conclusions in the appraisal report.
- 3.) Additional Requirements for Scope of Work (same above website);
 - a.) Intended Use & Intended User
 - b.) Definition of Fair Market Value
 - c.) Certification (inside State Form CF-3)
 - d.) Assumptions & Limiting Conditions
- 4.) Indicate Type of Appraisal Report Format [USPAP Effective 7/01/06, Pg. 23; *Complete, Limited & Departure terms removed*];
 - a.) Self-Contained
 - b.) Summary
 - c.) Restricted
- 5.) Consider the "*Unit Rule*" [Uniform Appraisal Standards for Federal Land Acquisitions, Pgs. 53-54 and [Real Estate Valuation in Litigation; Pgs. 53-54, 56-58, 62, 127-128](#)]; This market value concept adopted by the courts to be applied in federal acquisitions has two (2) aspects as follows: {*Consider Highest & Best Use*}
 - a.) Requires that property be valued as a *whole* rather than the sum of the values of various interests (e.g. lessor & lessee).
 - b.) Different elements or components of a tract of land are not to be separately valued & combined (e.g. timber value).

***PAGE 31, 38, & 44

- 6.) Adhere to "*Milestones*"; Completion dates will be established with INDOT and below is a sample that is subject to change:
 - a.) Property owner contacts completed.
 - b.) All Office of Real Estate initiated design changes submitted.
 - c.) Appraiser ordered necessary cost-to-cures.
 - d.) **Comparable Sales**, setback study and other pertinent market information. First appraisals completed. Begin continuous flow of parcels.
 - e.) All cost-to-cures completed.
 - f.) All parcels completed.

APPRAISAL REPORT

Value Findings Short Form Long Form
 Partial Acquisition Total Acquisition Page 1 of _____

Type of Property _____ Project _____
 Indicate: (Residential, Commercial, Bareland, Farm, Special, Industrial)

Location _____ Parcel _____

Owner _____ Phone _____ Road _____

Address _____ County _____

Tenant Contract Buyer _____ Phone _____

Address _____

Land Areas: Before: _____ After: _____ Acquisition _____

Temp. R/W _____ Perpetual R/W _____ PER _____ Access Rights _____

CERTIFICATION OF APPRAISER

I certify that, to the best of my knowledge and belief:

That I have made a personal observation of the property that is the subject of this report and that I have made a personal field inspection of the comparable sales relied upon in making said appraisal. The property being appraised and the comparable sales were as represented or referenced within the appraisal. That the statements of fact contained in the report are true and correct.

That I understand that such appraisal MAY be used in connection with the acquisition of right-of-way for a project utilizing Federal funds.

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

That this appraisal assignment may have called for less than would otherwise be required by the specific guidelines of the Uniform Standards of Professional Appraisal Practices (USPAP), but is not so limited in scope that it may tend to mislead the users of the report, or the public.

That I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

That my engagement in this assignment was not contingent upon developing or reporting predetermined results.

That neither my employment nor my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

That any decrease or increase in the fair market value of real property prior to the date of valuation caused by the public improvement for which said 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, was disregarded in determining the compensation for the property.

That the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

That I have no direct or indirect present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved or in any benefit from the acquisition of such property appraised.

That the owner or a designated representative was afforded the opportunity to accompany me on the property inspection.

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

That I have not given consideration, or included in my appraisal, any allowance for relocation assistance benefits.

That no one provided significant real property appraisal assistance to the person signing this report with the exception of those signing below.

That my opinion of fair market value for the property to be acquired and residue damages, if any, as of the ★ effective day of date, which is the effective date of this appraisal is \$ _____ based upon my independent appraisal and the exercise of my professional judgment.

	SUMMARY	
BEFORE VALUE		\$ _____
AFTER VALUE		\$ _____
Land Taken	\$ _____	
Land Improvements	\$ _____	
Improvements	\$ _____	
Cost-to-Cure	\$ _____	
Damages to Residue	\$ _____	
Temporary R/W	\$ _____	
TOTAL DUE OWNER		\$ _____

PRIMARY APPRAISER COPY

Signature _____

Named Typed _____

Appraisal License # _____

Broker # _____

Date: ★ signature date

ASSISTED BY

Signature _____

Named Typed _____

Appraisal License # _____

Broker # _____

Date: _____

Signature _____

Name Typed _____

Appraisal License # _____

Broker # _____

Date: _____

05 ★ These dates must be inside a "30 day" window

H. Value Finding (VF) Appraisal Report (Attach subject photos, sketch depicting all improvements, engineer plat, complete comp data)
***PAGE 31 & 32 [Allows minor cost-to-cures, minor land severance/angulation, observed Before Value, & acquires minor sheds, etc.]
This is an uncomplicated appraisal report where the total compensation to the owner will not exceed \$20,000; except by written supervisor approval. A Value Finding appraisal must contain as a minimum the following (Per *Appraisal Guide-FHWA & INDOT Appraisal Manual*):

- **Project and parcel numbers,**
- **Description, location and size** of the property to be acquired including **photographs** of improvements being affected,
- **Name and address** of the **owners**, and tenant information when applicable,
- **Value** appraised, **date of valuation** and **interest** being acquired,
- **Basis for value** of land (or land improvements) used, and a brief **analysis** indicating how it supports the value estimate,
- The estimate of **fair market value**, including a breakdown of the value of **land & improvements**, & value of **taking & damages**,
- Appraiser's **certificate** including **signature** and **date** of signature.

I. Short Form (SF) Appraisal Report (Attach subject photos, sketch depicting all improvements, engineer plat, complete comp data)
***PAGES 37-39 [Allows observed Before Value/partial takes, minor cost-to-cures, minor land severance/angulation, acquire minor sheds]
This appraisal may be used for either a PARTIAL or TOTAL (direct market sales comparison) property acquisition; there is no dollar limitation. A Short Form appraisal must contain the following (Per *Appraisal Guide-FHWA & INDOT Appraisal Manual*):

- **Project and parcel numbers,**
- **Name and address** of the **owners**, including tenant information when applicable,
- Brief discussion of **market area factors** that influence property values and project design factors, if a partial take,
- **Description**, including **location, size, topography, shape, access, landscaping, utilities & zoning** of the property and **buildings, structures or improvements** in the taking area or which may be damaged, and identification of tenant owned buildings, structures and improvements to be acquired,
- **Photographs** of principal improvements being acquired or affected,
- **Purpose** of the appraisal, including the **rights to be appraised, date of valuation, interest to be acquired and problem to be solved,**
- **Title information**, including a **five year sales history of the subject** property,
- Statement of **highest and best use** which, in this format, would be the present use,
- Value appraised, **date of valuation** and **interest** being acquired,
- **Sales Comparison Approach**, which is normally applicable, including the selection and analysis of comparable data, a detailed explanation supporting any substantial adjustments and the indicated value conclusion,
- The estimate of **fair market value**, including a breakdown of the value of **land and improvements**, and value of **taking and nominal damages**,
- **Breakdown** of land and improvement values for a partial acquisition, a **statement of value** of the real property to be acquired and of **damages**, if any, to the remaining real property,
- Separate value of tenant owned **buildings, structures and improvements**,
- Appraiser's **certificate** including **signature** and **date** of signature for appraisers and any technicians who substantially contributed to the report,
- **Addenda-** Exhibits and data not included in the body of the report such as photographs, location maps, leases, legal descriptions, zoning requirements, construction plans, cost-to-cure consideration, appraisers qualifications and other applicable items.

J. Long Form (LF) Appraisal Report (Attach subject photos, Before/After sketch-all improvements, engineer plat, complete comp data)
***PAGES 43 & 44 [INDOT prefers that the LF be used only if the report cannot be accomplished within the scope of the WV, VF, & SF]
This appraisal will establish a well supported "Before" and "After" valuation and typically measures severance damages (e.g. *residential dwelling setback loss, commercial parking/access loss, etc.*) from a highest & best use change from the R/W acquisition. The minimum criteria with provision 49 CFR 24.103(a); "in italics" below (Per *Appraisal Guide-FHWA & INDOT Appraisal Manual*):

- *The purpose and/or the function of the appraisal;*
 - *A definition of the estate (e.g. fee simple, etc.)being appraised,*
 - *Statement of the assumptions & limiting conditions affecting the appraisal, Assumptions & limiting conditions must be developed or approved by the agency concerned, prior to making the appraisal assignment, or items subsequently approved by the agency,*
 - *An adequate description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, an adequate description of the remaining property), Project & parcel designations, owners & tenants names. Include market area, site, improvements, access, photographs-identify, plat or plot plan & map locating subject & comparable sales,*
 - *A statement of the known & observed encumbrances, if any,*
 - *Title information, location, zoning, present use,*
 - *An analysis of the highest & best use, of the property being appraised & any remaining property after the acquisition.*
- 1.) The analysis must include consideration of any easements, leases or other title encumbrances,
 - 2.) If the present use is not the highest & best use, show the basis for deciding that the property is legally & economically available & adaptable for a use other than the present use & that there is a demand.
 - 3.) *At least a 5-year sales history of the property,*
 - 4.) *All relevant & reliable approaches to value consistent with commonly accepted professional appraisal practices.*
 - 5.) The **sales comparison approach** should be developed in almost all cases. In addition, the **income & cost approaches** should be developed when either of these approaches is reflective of what a typical buyer would consider relevant for that type of property,
 - 6.) The **income** and **cost approach** should not be developed in lieu of a **sales comparison approach** except in very unusual situations. In the latter case, the lack of a **sales comparison approach** should be fully explained,
 - 7.) *An analysis & reconciliation of approaches to value that is sufficient to support the appraiser's opinion of value, Should identify the strengths & weaknesses of each approach as they relate to the final conclusion of value,*
 - 8.) *A description of comparable sales, including a description of all relevant physical, legal, & economic factors such as parties to the transaction, source & method of financing, & verification by a party involved in the transaction, Specific items, if they affect the data's validity or indicated value, should include: date of sale, rental or offering; consideration paid, conditions of sale (motivation), persons whom these were verified, and when, location and total land area of the comparable, type of improvements & size, any easements & leases, mineral, water, & other rights included, analysis of highest & best use at the date of sale, zoning at the date of sale, date of the appraiser's inspection, & photographs of principal improvements,*
 - 9.) *A statement of the value of the real property to be acquired, if a partial acquisition or an acquisition of less than fee title is involved, then prepare a similarly supported valuation of the remaining property interests after the acquisition,*
 - 10.) *For a partial acquisition, a statement of the value of the damages & benefits, if any, to the remaining property, where appropriate, and*
 - 11.) *The effective date of valuation, date of appraisal, signature, & certification of the appraiser. An example of an acceptable appraiser's certification is found on the "CF-3" (Front Page) form which is the first page of all VF, SF, & LF appraisal reports.*

V. MARKET DATA
 {From Chapter 3 of the Appraisal Manual}

***Appraisal Manual Page Reference

Searching for comparable sales data may be a “**BEAR**”; however the following sources can be helpful:

1. Multiple Listing Service (MLS)
2. Local Appraisers & Brokers
3. INDOT Fee Appraisers
4. INDOT Comp Files
5. Courthouse **Sales Disclosures*; **KNOW** the following courthouse Offices:
 - *Assessor’s* = Property Tax Cards
 - *Auditor’s* = Land Transfers/Plats
 - *Recorder’s* = Property Deeds
 - *Plan Commission* = Zoning

NOTE: **Sales Disclosure* transactions may be found in the Assessor’s Office or attached to the deeds in the Recorder’s Office; counties vary.

WORK SMART; COUNT YOUR STEPS

***PAGE 62

The term “Market Data” includes all comparable sales, rents, leases, expenses, vacancy rates, interest rates, costs, etc. obtained from the local market for use in real property appraising. The appraiser **MUST attach all comparable sales to the back of the report.**

A. Comparable Sales Information:

***PAGE 62

- 1.) Comparable sales should not be used if the transaction took place in excess of five (5) years.
- 2.) All sales of open market transactions of parcels on a current project must be developed as comparables if there if there has been a transfer of ownership within the last five (5) years.
- 3.) Additional pages may be added if necessary. It is important that all pertinent information be included which may affect its use in support of the market value determination.
- 4.) The appraiser must personally observe the exterior of each developed comparable sale to ascertain it is similar to the subject.
- 5.) The five (5) comparable form types are designated as; COMPARABLE LEASE DATA (MD-23), RESIDENTIAL IMPROVED LAND COMPARABLE (MD-25), UNIMPROVED LAND COMPARABLE (MD-26), COMMERCIAL IMPROVED LAND COMPARABLE (MD-27), & SIGN COMPARABLE (MD-28).

B. Verification of Comparable Sales:

***PAGE 63

- 1.) Utilize public record “Sales Disclosures”, the buyer, seller, broker, or other person having direct knowledge of the price, terms, and conditions of the sale.
- 2.) Viewing the closing statement pertaining to the transaction.
- 3.) Multiple Listing Service (MLS) using caution because this data is not guaranteed.
- 4.) Re-verification of comparable sales which apparently were properly verified by other staff or fee appraisers is not required. However, the accuracy, validity, and analysis of all data included in the appraisal are the appraiser’s professional responsibility.

C. Improved & Unimproved Land Comparable Forms (MD-25 & MD-26); {SAMPLE COPIES; attached to the following pages}:

***PAGE 63 thru 66

- | | | |
|---|---|--|
| 1.) <i>Digital Photo View</i> - (show directional) | 10.) <i>Recorded Consideration</i> - (deed) | 19.) <i>NO Signature Required</i> - (show License #, County, Township, Type Property, Project #, Inspection Date, & Comp #) Suggested lettering below: |
| 2.) <i>Sketch</i> - (show crossroads; north arrow and aerial-digital map) | 11.) <i>Verified By & Date</i> - (person/firm) | Agricultural Bareland AGBL |
| 3.) <i>Date Sold</i> - (date on deed, not recorded) | 12.) <i>Financing</i> - (e.g. Cash to Seller) | Commercial Bareland CBL |
| 4.) <i>Actual Price</i> - (verified sale price) | 13.) <i>Zoning</i> - (e.g. Residential; R-1) | Residential Bareland RBL |
| 5.) <i>Size</i> - (NET area; not the gross) | 14.) <i>Condition of Sale</i> - (e.g. Arms Length) | Improved Agricultural IAG |
| 6.) <i>\$/FF, \$/SF, \$/Ac.</i> - (avg. price per unit) | 15.) <i>Highest & Best Use</i> - (present use or ?) | Improved Commercial IC |
| 7.) <i>Vendor, Vendee, Property Address</i> | 16.) <i>Comments</i> - (pertinent market data) | Improved Industrial II |
| 8.) <i>Legal Description</i> - (Sec/Twp/Rng/Lot) | 17.) <i>Develop. of Listing Data</i> - (MLS) | Improved Residential IR |
| 9.) <i>Deed book or Instrument #</i> - (from deed) | 18.) <i>Locator Maps</i> - (addenda) | Industrial Bareland IBL |
| | | Lease Data LD |
| | | Signs/Billboards S/B |
| | | Special Purpose SP |

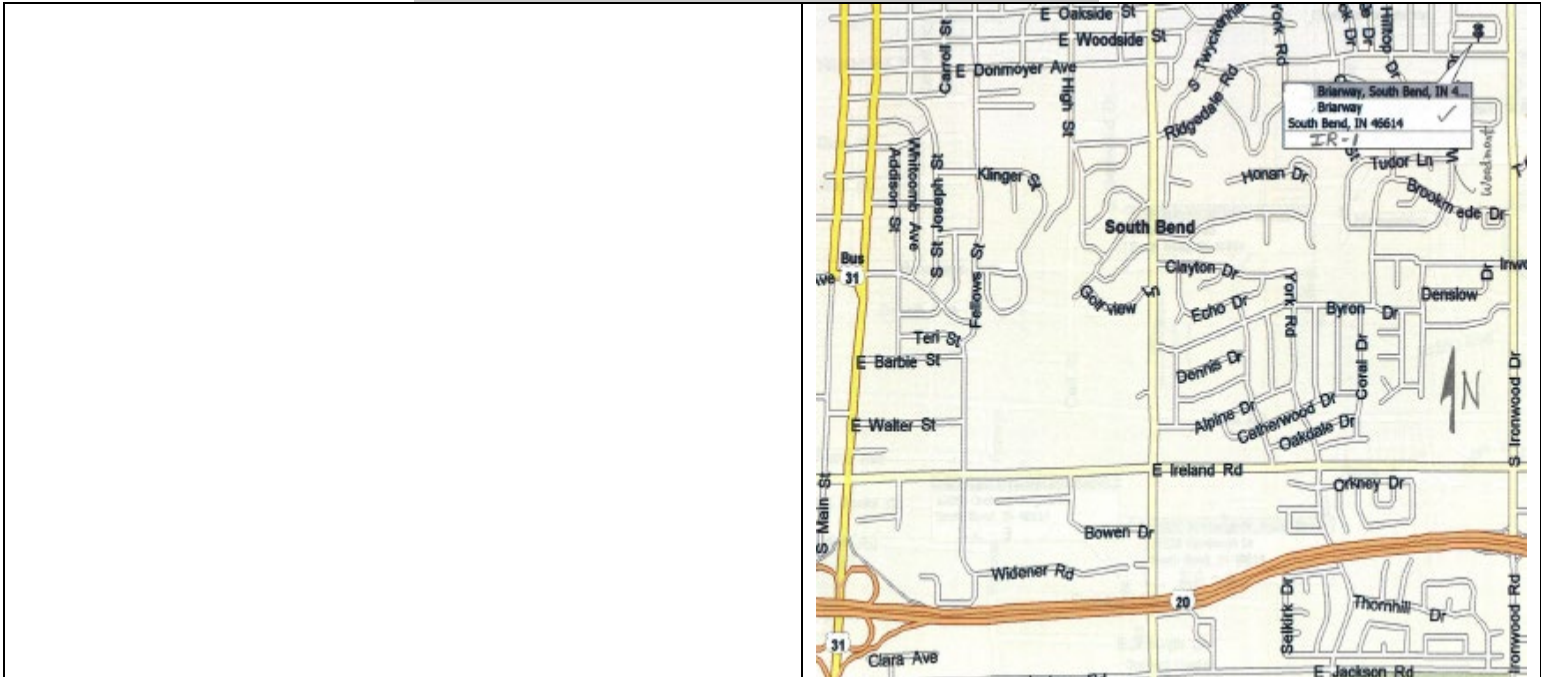


PHOTO VIEW Looking Southwest from Briar Way

SKETCH Not To Scale

Date Sold	6/23/05	Act. Price	\$116,500	Improvement Size	2,030 SF	\$57.39	/Per Sq. Ft.
Vendor	George & Martha Washington Et Ux.			Vendee	James & Dolly Madison Et Ux.		
Property Address	0000 Briar Way			City	South Bend		
Legal Description	Lot # 566 Twyckenham Hills, Section "J"; subdivision in South Bend			Document #	0528966		
Rec. Consideration	\$1.00 & OGVC	Sale info. Verified By	Jesse James (Fee Appraiser)- MLS	Date Ver.	9/07/06		
Financing	Cash To Seller			Zoning	Residential		
Condition of Sale	Arms Length Transaction			Highest & Best Use	Improved Residential		

MAIN IMPROVEMENT (Type)		Single Family Residence (Ranch)		OTHER IMPROVEMENT (Type)		Storage Shed	
Condition	Average	No. of Rooms	8	Construction	Unknown	Size	Unknown
Stories (Levels)	1.0	No. of Bedrooms	4	Age/Condition	Unknown	Floor	Unknown
Age	YB 1960	No. of Baths	2	Interior	Unknown	Doors	Yes
Size (In S.F.)	2,030 SF	Heating	GFA	LAND IMPROVEMENTS			
Slab/Crawl	Slab	Cooling	Central Air	Drive	Concrete	Fence	Yes
Ext. Construction	Wood	Fireplace	One	Walks	Yes	Well	No
Storm Windows	Yes	Built-ins	Ironing Board	Trees	Yes	Septic	No
Basement (S.F.)	No	Porches	Open Front	Shrubs	Yes		
Floor Cover	Carpet/Vyl./Pergo	Wood Decks	No	Lawn	Yes		
Int. Walls	Drywall/Plaster	Swimming Pool	No	LAND			
Windows	Traverse/Fix Bay	Attached Garage	1.0 Car Attach.	Dimensions/Size	70' x 115' = 8,050 SF (0.185 ac.)		
Insulation	Assumed Typical	Patio	Yes	Topo. /Drainage	Level/ Appears adequate		
Closets	Assumed Typical	Extras	Jacuzzi tub	Relation To Grade	Cut <input type="checkbox"/>	Fill <input type="checkbox"/>	Even <input checked="" type="checkbox"/>
Cabinets	Assumed Typical			Pavement	Asphalt	Curb/Cut <input type="checkbox"/>	Walks <input checked="" type="checkbox"/>
Roof	Asphalt Shingle	Setback from R/W	25' +/-	Water <input checked="" type="checkbox"/>	Sewer <input checked="" type="checkbox"/>	Gas <input checked="" type="checkbox"/>	

VALUE ABSTRACTION (Required)	Buildings	\$97,500	Land Impr.	\$4,000	Land	\$15,000	(\$1.86/SF)
------------------------------	-----------	----------	------------	---------	------	----------	-------------

COMMENTS: House/with attached garage = \$97,000 (\$47.78/SF)
Storage Shed = \$ 500

- 1.) **MLS** # 198516; Please note that Comp IR-1 was listed "For Sale" with Century 21 at the time of comp inspection.
- 2.) **School System:** South Bend Community.
- 3.) **Directions:** Ironwood to Ridgedale to Woodmont north to Briar Way.

***Time Adjustment & Sale History of Comp IR-1:**

Date Sold	Sale Price	Days on Market (DOM)	Time between Sales by Months	Price Adjustment Change by Percent	Annual Time Adjustment %
1/14/1998	\$87,500	136	-----	-----	-----
9/24/2000	\$102,000	156	33 Months	Plus 14%	Plus 5.09%
6/23/2005	\$116,500	86	57 Months	Plus 12%	Plus 2.53%
OVERALL	TIME	ADJUSTMENT:	90 Months	Plus 25%	*Plus 3.33%

APPRAISER'S NAME Dan A. Wait Broker No. IB29400397 Appraisal Lic. No. CG40500428

COUNTY St. Joseph TOWNSHIP Portage Type Property Improved Residential
PROJECT NO. NH-153-8 (20) INSP. DATE 9/07/06 COMP. NO. IR-1
ALA-MD-26 SALES OF COMPARABLE PROPERTIES CODE: 4651

UNIMPROVED LAND COMPARABLE

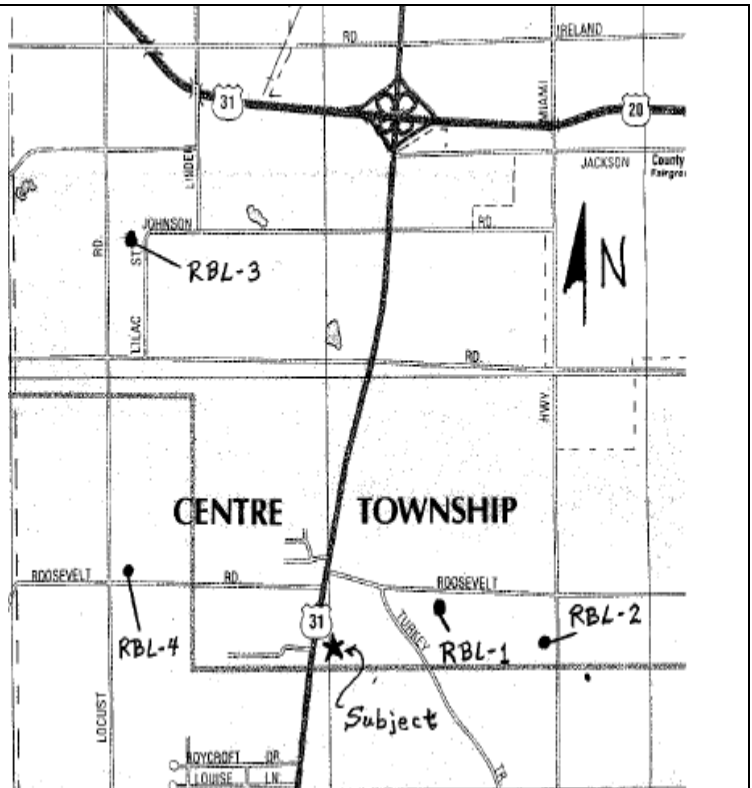


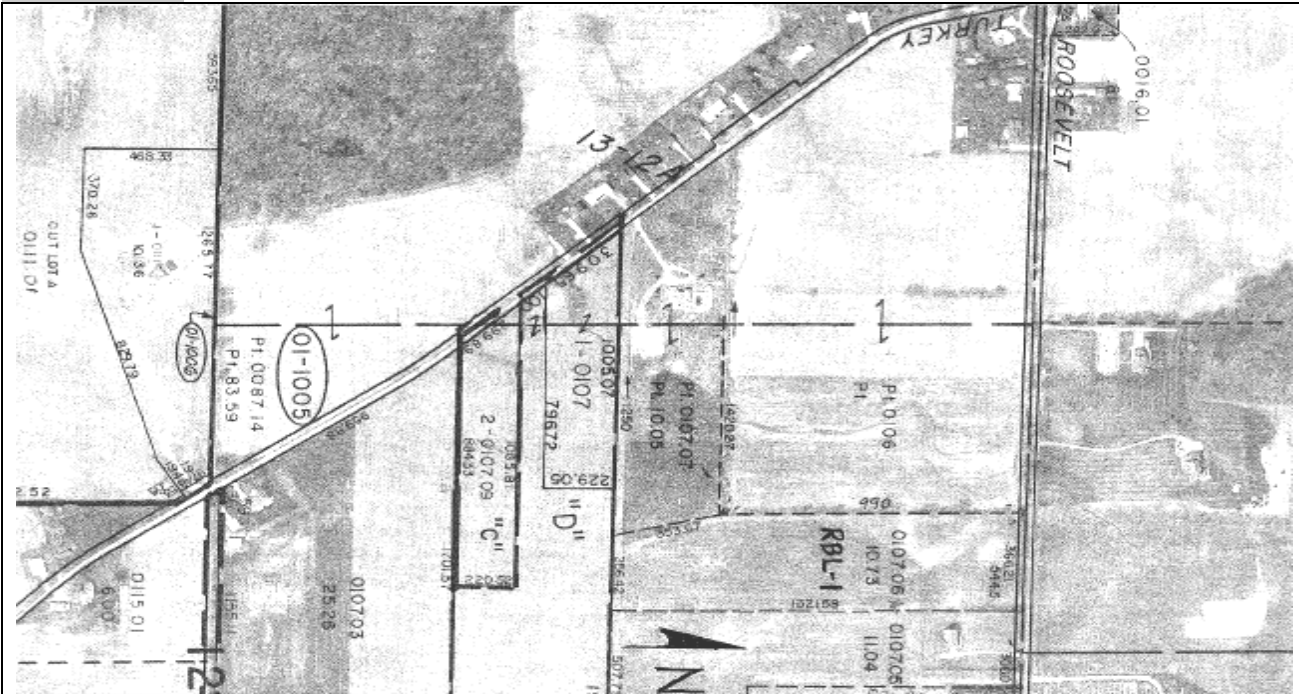
PHOTO VIEW Looking South from Roosevelt Road SKETCH Not To Scale

Date Sold 5/31/05 Act. Price \$125,000 Size 10.00 Ac. Av.\$/Ac./SF \$12,500 /Per Ac.
 Vendor John & Jane Doe Et Ux. Vendee Jack & Jill Hill Et Ux.
 Property Address 00000 Roosevelt Road, South Bend, IN 46614 City South Bend
 Legal Description Part of the North 1/2 of Section 12, Township 36 North, Range 2 East Document # 0524765
 Rec. Consideration \$10.00 & OVC Sale info. Verified By Wyatt Earp (Fee Appraiser)-MLS Date Ver. 9/07/06
 Financing Cash To Seller Zoning Residential
 Condition of Sale Arms Length / Typical Market Transaction Highest & Best Use Residential
 Improvements Made Since Purchase New dwelling, detached garage, and concrete driveway constructed.

DESCRIPTION of LAND

Dimensions/Size Somewhat Rectangular Shape/ 10.00 acres
 Land Drives None Walks No Landscapin No Trees No Well No
 Improvements g
 Septic No Fence No Pond No
 Available Services Road Paved City Water No City Sewer No Gas No Other N/A
 Land Topography Level Drainage Appears adequate Quality of Soils Assumed typical for area

COMMENTS



APPRAISER'S NAME Dan A. Wait Broker No. IB29400397 Appraisal Lic. No. CG40500428
 (Type or Print)
 COUNTY St. Joseph TOWNSHIP Centre Type Property Residential Bareland
 PROJECT NO. NH-153-8 (20) INSP. DATE 9/07/06 COMP. NO. RBL-1

D. Comparable Lease Data (MD-23); (Typically used in conjunction with commercial income properties)

***PAGE 67

E. Sign Comparable [Billboard Data] (MD-28); {*SAMPLE COPY; attached to the following page*}

F. Economic Studies

Development and application of Economic Studies are denoted in two primary categories as follows:

***PAGES 70 & 71

1.) Economic Studies for Component Adjustments- For instance the subject property compared to selected comparable sales seeking to identify specific features and economic traits for a direct analysis and adjustment. Example study type uses may be to identify adjustments for uneconomic remnants, improvement size, time, & so forth component type adjustments. Economic study EXAMPLES to consider for “time” and “improvement size” are presented as follows:

a.) Time Adjustment Study & Sale History of Comp IR-1:

Date Sold	Sale Price of Subject Property	Days on Market (DOM)	Time between Sales by Months	Price Adjustment Change by Percent	Annual Time Adjustment %
1/14/1998	\$87,500	136	-----	-----	-----
9/24/2000	\$102,000	156	33 Months	Plus 14%	Plus 5.09%
6/23/2005	\$116,500	86	57 Months	Plus 12%	Plus 2.53%
OVERALL	TIME	ADJUSTMENT:	90 Months	Plus 25%	Plus 3.33%

b.) Improvement Size Adjustment Study:

Comparable Sale	Extracted Dwelling Value	Calculate	Improvement Size-GLA	Baseline Adjustment
IR-1	\$45,000	Divided by	1,404 SF	\$32.05/SF
IR-2	\$48,900	Divided by	1,392 SF	\$35.13/SF
IR-3	\$48,200	Divided by	1,280 SF	\$37.66/SF

The baseline value per square foot of dwelling gross living area (GLA) may include the value of basements, central air conditioning system, built in appliances and amenities, porch, deck, patio, bathrooms, condition of dwelling and so forth. Therefore the appraiser must adjust the baseline price per square foot of gross living area of each comparable sale to reflect these amenities because separate adjustments are applied in the Improved Sales Grid for these features. The analysis of the three comparable sales indicates the above listed amenities constitute approximately 15% of the dwelling value. The three comparable sales produce a baseline adjustment range from \$32.05/SF to \$37.66/SF and the appraiser will reconcile at a reasonable value of \$35.00/SF less the 15% assigned to the amenities that equates to an overall improvement size adjustment of **\$30.00/SF** (rounded from \$29.75/SF).

2.) Economic Studies Used for Residential Setback Damages- Applying the economic study to “adjust” the comps to the subject in both the Before Value & After Value and this is most commonly used in Long Form (LF) residential setback damages.

- For example from the below Setback Summary Chart the appraiser may select a residential damage *Setback Factor* of **40%**; then multiply this by the *Setback Reduction* percent (e.g. Before Taking- 100’; After Taking- 50’= **50%** Dwelling Setback loss); then multiply by the *Dwelling Value* extraction (e.g. **\$50,000**) to calculate the total severance damages.

Sample Residential Damage Calculation Formula;

$$0.40 \text{ Setback Factor} \times 0.50 \text{ Setback Reduction} \times \$50,000 \text{ Dwelling Value} = \mathbf{\$10,000 \text{ Damages}}$$

- Another residential economic study method will compensate the setback loss on a “per foot” basis that increases the damage severity the closer the new R/W line approaches the dwelling; considering the land “privacy screening & security buffer” more valuable nearer the home {*FHWA regulations provide “NO” damages for traffic “noise” with sound abatement methods utilized instead*}.

Setback Summary Chart

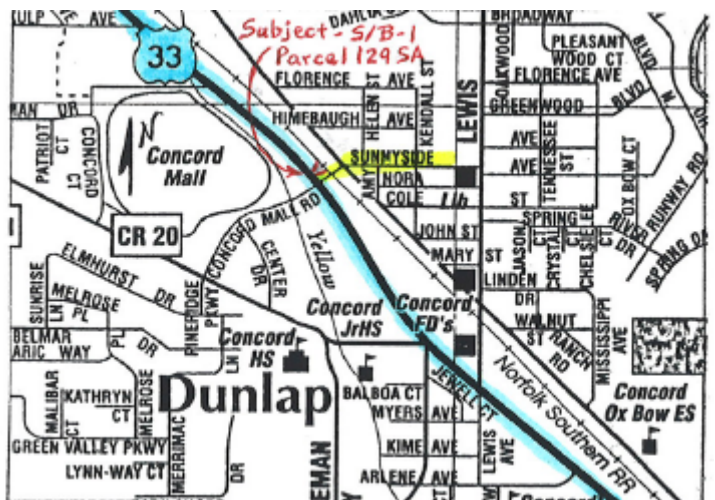
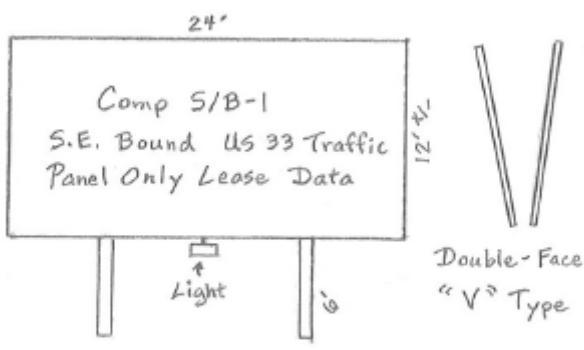
Summary Pair	Sale	Setback In Feet	Sale Price % Difference-Improvements	% Difference Setback	Setback Factor
1	IR-3	56	8.6%	Divided By	25.3%
	IR-4	75			
2	IR-5	36	11.6%	Divided By	32.1%
	IR-7	53			
3	IR-6	33	12.0%	Divided By	56.0%
	IR-4	75			
4	IR-5	36	20.3%	Divided By	52.0%
	IR-4	75			
5	IR-5	36	13.1%	Divided By	35.7%
	IR-3	56			
6	IR-1	33	21.6%	Divided By	50.0%
	IR-2	66			
			Mean	35.1%	
			Median	36.3%	

SIGN COMPARABLE

PHOTO VIEW	Looking southeast along US 33 at the Martin's Super Market sign panel.		Photo Date	12-06-06
Amount of Land Lease	\$1,060/year (\$530/year per panel)	Term of Lease	Expires April 30, 2012	
Remaining Period of Lease	Approx. 5 years	Verified By	John Doe, Burkhart Advertising, Inc. (South Bend, IN)	
Land Owner	Indiana Michigan Power (AEP)	Land Lease Date	Unknown	
Address	One Summit Square, 110 E. Wayne Street, P.O. Box 60, Fort Wayne, IN	Phone Number	1-800-311-4634	
Sign Number	INDOT-LO-4506	Location	NWC of US 33 @ Sunnyside Ave., Elkhart, IN (across from the Concord Mall)	
Legal Description	Part of the E. 1/2, SE. 1/4, Section 22, T37N, R5E, Elkhart County, IN			
Zoning	PUD to B-2 standards	Type	Poster Panel	Style Double-Face Sign; "V"-Type
Traffic Count- Daily	2001-25,430; 1996-22,720	Sign Length	24 feet	Sign Height 12 feet +/-
HAGL (Height Above Ground Level)	6 feet	Cutout Size Area	N/A	
Number of Posts	Two	Post Size	6" +/-	Post Height 18 feet +/-
Post Material	Steel "I" Beam			
Illuminated	Two lower sign mounted lights (one for each panel)		Power Run In/LF	Unknown
Sign Status	Legal Non-conforming (B-3 zoning for billboards)		Date Erected	Unknown
Sign Owner	Burkhart Advertising, Inc.			
Address	0000 Mishawaka Ave., South Bend, IN 46615	Phone Number	1-800-777-8122	
Sign Leased to	Martins Super Markets (South Bend, IN)	Sign Leased Date	Unknown	
Amount of Lease	\$604.44/ 4 week cycle	Term of Lease	Unknown	Verified by Jane Doe- Martins Media Marketing Manager (01-18-07)
	For S.E. Bound Panel			

COMMENTS: Note: This Comp S/B-1 refers to panel lease data for only southeast bound US 33 traffic and this is the Subject, Parcel 129 SA.

SKETCH N.T.S



APPRAISER'S NAME	Dan A. Wait	Broker No.	IB29400397	Appraisal Lic. No.	CG40500428
	(Type or Print)				
COUNTY	Elkhart	TOWNSHIP	Concord	Type Property	Commercial Billboard
PROJECT NO.	NH-219-5 (026)	INSP. DATE	12-06-06	COMP. NO. /SIGN COMP NO.	S/B-1

VI. APPRAISAL GUIDELINES
 {From Chapter 4 of the Appraisal Manual}

***Appraisal Manual Page Reference

	<p><i>Appraisal Manual 2006- Chapter 6; Pg. 122; Per IN Law:</i></p> <p align="center">NON COMPENSABLE DAMAGE ITEMS</p> <ol style="list-style-type: none"> 1.) More circuitous route to some specific location unless it affects the physical use of the site as an operating unit. 2.) More difficult & inconvenient access, as long as reasonable access remains & no material impairment. 3.) Diversion of traffic or interference with a business operated on the subject; difficult or inconvenient access. 4.) Generally, any speculative or conjectural damages. 5.) Speculation about future negligence in construction... 6.) Damages based upon the landowners specific intended future use of the site or compensation for un-built imp. 7.) Advisability of building the imp. or the route location. 8.) Compensation for personal property; however fixtures are <u>not</u> personal property; should be treated as real estate. 9.) Loss of profits from business operated on the subject. 10.) Theft or loss of personal property due to the proximity of the highway. 11.) Cost of purchasing a replacement for the property taken. Relocation entitlements <u>MAY</u> cover these costs. 12.) Any damages for inconvenience suffered by the community or general public, when streets are being repaired or highways constructed or widened. <p><i>WORK SMART; COUNT YOUR STEPS</i></p>
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The purpose of this section is to provide additional guidelines to address specific appraisal situations.

A. Measuring Set-back

***PAGE 78

IMPORTANT: 1.) The setback for a residential structure that contains PER (Presently Existing R/W) shall be measured from the edge of travel lane pavement to the closest point of Living Area (*defined as finished & heated area*). 2.) If the property does not contain PER measure the setback from the right-of-way line to the closest point of Living Area.

- Open porches and/or covered porches (+ garages) regardless of method of attachment to the dwelling are not deemed living area.
- Porches which have been enclosed in such a manner as to make them usable on a year round basis are to be considered living area.

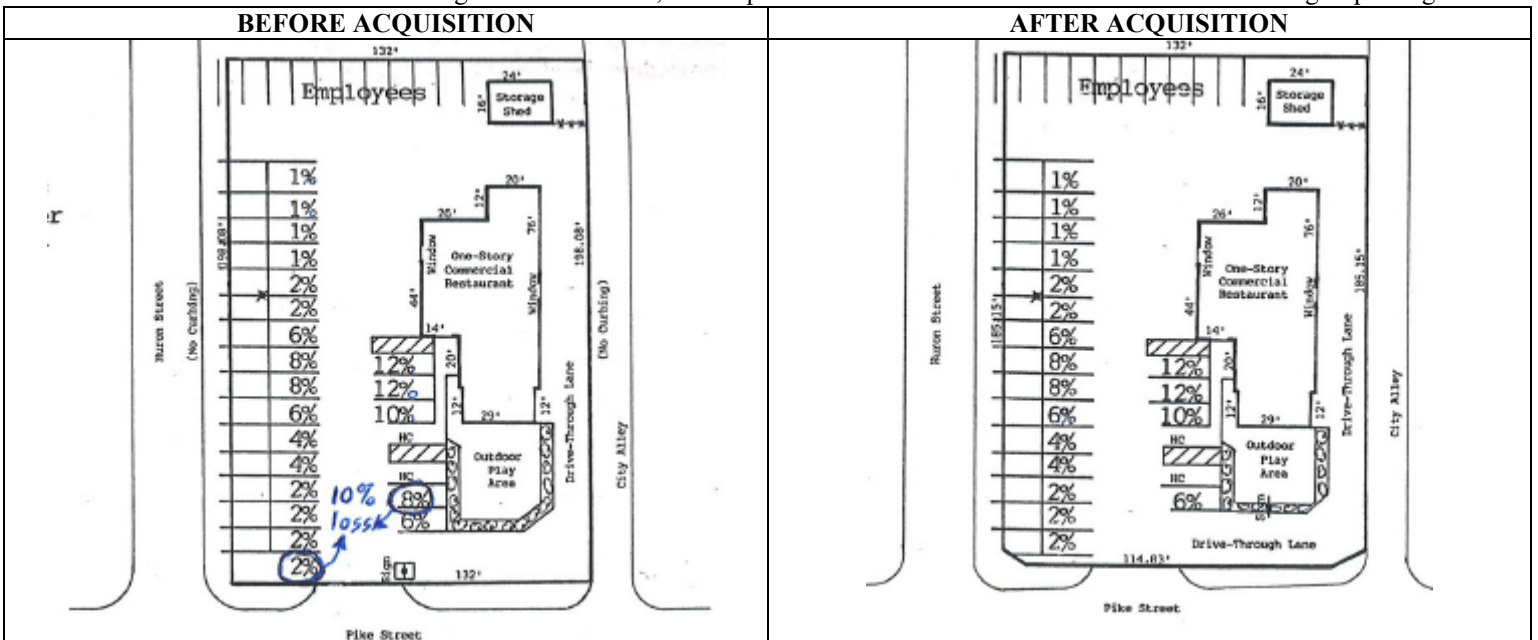
B. Determination of Damages

***PAGES 78 & 79

Appraising for eminent domain involves problems not usually encountered in other appraisal assignments. The purpose of an appraisal in these instances is to determine the severance damages suffered by the owners of interest in the property rights acquired by the acquiring Agency. The courts have recognized “two methods” of estimating damages in condemnation cases.

1.) Appraise the entire property immediately Before the acquisition & then appraise the residue immediately After the acquisition. The difference between the two appraisals equals the total severance damages to the property. “**APPLICATION CONCEPTS**”:

- Residential- See Page 19 (F., 2.) of this seminar, concerning setback damage economic study applications. Also obtaining 3 separate Before & After comparables that reveal a loss in value due to the setback change (may be difficult & time consuming). The dwelling setback may have been typical when the house was built [e.g. 1920’s Bungalow: 30’ setback, 1950’s Ranch: 60’ setback, 1990’s Two-Story: 150’ setback] but may not be typical for present day market standards. Generally severance damages are triggered when the new R/W reduces the dwelling setback less than “typical” market standards; however a judgment call with the extra influence of zoning/subdivision setback ordinances.
- Commercial- Method #1: Economic/functional utility loss from the R/W acquisition affecting the expected market rent income (e.g. building to parking ratio loss, access change causing functional utility loss, etc.). In the Income Approach seek Before & After market lease data to show a change in rent income; then construct Before & After operating statements with the NOI divided by the market cap rate to calculate value. The difference between the Before & After values will reveal the severance damages. Apply this same Before & After technique in the Market Approach with improved comp sale differences reflecting the damages. Method #2: Percentage ranking of the parking that grades the prime importance & convenience of each space (e.g. 1%, 4%, 10%, etc.) in both the Before (i.e. totaling 100%) & After (i.e. totaling 90%) scenarios, then applying a 10% straight line depreciation to the affected commercial building value abstraction; less a “possible” 50% drive-thru business. SAMPLE ranking of parking loss:



2.) Measuring damages involves totaling the various types of damages caused by the acquisition. These types of damages are specified by Indiana Statute, IC 32-24-1-9, as follows:

- First- The fair market value of each parcel of property sought to be acquired & the value of each separate estate or interest in the property therein; {e.g. *leasehold interest, furniture, fixtures, & equipment (F. F. & E.) appraised by expert, etc.*}
- Second- The fair market value of all improvements pertaining to the property, if any, on the portion of the property to be acquired.
- Third- The damages, if any, to the residue of the property of the owner or owners caused by taking out the part sought to be acquired.
- Fourth- The other damages, if any, that will result to any persons from the construction of the improvements in the manner proposed by the plaintiff (*accuser*).

C. Proposed Design Changes

***PAGES 79 & 80

It is the responsibility of both appraisers and reviewers to observe any project design feature which will cause a loss of value to the residue of a particular parcel. These features might be such items as location of driveways, reduction in the acquisition to alleviate setback damages, drainage structures, etc. The following are INDOT procedures:

- 1.) If in the opinion of the appraiser, reviewer, or owner, the loss in value could be reduced or eliminated by a change in design, it is INDOT's responsibility to personally contact the [Project Manager](#) and discuss the possibility of a design change.
- 2.) If the person you contacted agrees that a design revision should be considered, prepare a proposed design change memorandum to verify the request; detailing the points, discussed recommendations, and the date of contact.
- 3.) If the decision is that no change will be made, a memorandum to the project file shall be prepared; detailing the request denial.
- 4.) Prepare design change memorandum and distribute to appropriate individuals; including INDOT staff & consultants.
- 5.) Retain the parcel packet and continue the appraisal process as far as possible; awaiting R/W Engineering recall for changes.

D. Uneconomic Remnants

***PAGE 81

- 1.) An uneconomic remnant as defined under 49 CFR 24.2 (a) (27) means "a parcel of real property in which the owner is left with an interest after the partial acquisition of the owner's property and which the Agency has determined has little or no value or utility to the owner".
- 2.) The phrase "little or no value or utility to the owner" is subject to interpretations. In some instances, the owner may have good reason to prefer to retain the remnant while in others; the owner may insist that the remainder is of little or no value.
- 3.) The Uniform Act requires an agency to offer to acquire all uneconomic remnants. The AGENCY is responsible for determining whether a remnant is uneconomic. The appraiser's value conclusion on any remainder may therefore result in the establishment of an offering price should that remnant be determined to be uneconomic.
- 4.) In most cases, the decision with regard to acquiring excess land which is considered to be an uneconomic remnant to the owner is determined by the Administrators of INDOT. It is important that the appraiser perform a complete "Before & After" appraisal of this type property so that an accurate value of the whole can be easily established; if it is later determined to be a total take.

E. Cost-To-Cure Estimates

***PAGES 81 & 82

Typically a cost-to-cure replaces, relocates, redesigns, or remodels certain site improvements that are affected by the R/W acquisition and is an acceptable method of estimating & mitigating damages to land or improvements either in the R/W or on the residue. The appraiser must state the reason(s) for concluding that a cost-to-cure payment is the most feasible method of measuring the damages and the cost estimate must be equal to or less than the resulting severance damage compensation. Typical items requiring cost-to-cure estimates are; fence relocations, relocating signs/billboards, septic systems, well relocations, gasoline storage tanks, pump islands, re-designing parking areas, re-designing structures, etc. These guidelines are to be followed when in need of cost-to-cure estimates:

- 1.) A written estimate from an appropriate local contractor is the preferred source for all such estimates.
- 2.) While a written estimate is preferable; for cost-to-cure estimates under **\$5,000.00** (formerly \$1,500 until 2006) a verbal estimate by a local provider of the necessary services are acceptable. The name, location, & phone # of the estimate provider must be included in the appraisal for verification purposes. Complex estimates like sign relocation, septic systems, parking replacement, etc. always require written estimates.
- 3.) Written estimates by a local contractor must be provided when the cost-to-cure estimate exceeds \$5,000.00.
- 4.) If every effort to obtain an estimate from a local contractor has been exhausted; a recognized cost manual may be used. Documentation as to why the cost manual is being used along with reference to the cost manual with date/page stated in appraisal.
- 5.) Appraisal consultants are compensated in the fee schedule for payment of cost-to-cure estimates.

F. Septic Systems & Private Wells Affected by the Acquisition

***PAGE 82

When any portion of a septic system is in the right-of-way to be acquired, the appraiser must check with the local Sanitation Department, the local Board of Health, or other local officials to determine whether a permit may be issued for the re-installation. If current standards require a septic system other than the present use, the cost-to-cure estimate must include the cost to replace the system to meet local code.

If the septic system cannot be replaced, due to code requirements, condition of the remaining soil, etc; the parcel may need to be changed to a “total take”. The appraiser must present the information to the review appraiser and the Region Program Director 1 or LPA official for a decision as to a change in the acquisition.

Property Management special needs for Septic Systems & Private Wells:

- Identify in the appraisal what part of the septic system is in the area of acquisition; e.g. fingers only, tank only, or tank & fingers. This affects what property management will pay the contractor for demolition costs.
- Identify in the appraisal what part of the private well is in the area of acquisition so property management can include that in their contract if it is necessary to cap the well. Also identify private well type; e.g. Water, Gas, or Oil.

G. Appraisal of Non-Residential Property with an Owner Occupied Dwelling

***PAGE 83

This requirement is for the purpose of assisting the Relocation sections in computing supplemental housing payments to parcel owners. When appraising parcels having a non-residential highest & best use but having an owner occupied dwelling being taken in the R/W, the appraiser is required to include a valuation for the residential unit including the dwelling, a typical home site, all attendant buildings, and land improvements. This valuation will be accomplished by developing a value for the residential unit as if it were a residential total take.

A description of the residential unit should be included if not already accomplished in the body of the report. The appraiser should make a concluding statement setting out the total estimated value of the residential unit. It will not be necessary to indicate this value estimate in any other part of the report.

H. Temporary R/W

***PAGE 83

A temporary R/W is land that the State will lease from the property owner for a three year period and reverts to the fee owner upon completion of the project OR upon completion of building removal. Temporary R/W is to be valued by a present-worth rental value for a three year period. A current rate of return based upon the economic conditions applicable to the area will used. Temporary R/W examples include; driveway construction, grading, drainage, building removable, sign removable, etc. “SAMPLE” appraisal application formula:

0.110 ac. (Temporary R/W) x \$10,000/ac. (Market Value) x 0.10 (Discount Rate) x 2.736 (Discounted Cash Flow Factor) = \$300 Rounded

QUICK FACTS for Temporary R/W Parcels:

- One exception to the policy is R/W acquired for a temporary run-a-round on agricultural land. Since the land is rendered unusable for agriculture for a significant period of time due to compaction; INDOT will compensate the owner at “95%”of the unit market value.
- If the land residue will become an uneconomic remnant/non-developmental or damaged and the owner will retain the residue; then the compensation for the temporary R/W will be paid at a damaged unit value because it is paid in the After acquisition scenario (e.g. Temporary R/W for building removal).
- Land improvements located in the area of temporary R/W can be addressed in three different ways:
 1. The State construction phase will replace with similar type materials certain site improvements; i.e. typically concrete, asphalt, gravel, & lawn.
 2. If a land improvement (e.g. tree, bush, light pole, etc.) is outside the construction limits and will be unaffected by the construction contractor then Design may approve a “DO NOT DISTURB” be placed on the plans.
 3. If the first and second methods can not be accomplished then the appraiser must either pay an “observed depreciated contributory value” for the improvement or seek a cost-to-cure for removal & replacement; sometimes twice for special signs and fences (i.e. Install away from temporary R/W & re-install to original location after construction)
- Discount Rate- “Rate selection requires appraisal judgment as well as a knowledge of prevailing market attitudes and economic indicators. Some of the obvious economic indicators that should be considered are the rate of inflation or deflation, the prevailing interest rates on U.S. government securities, current interest rates on mortgage loans offered by banks and insurance companies, and the prevailing yield rates on corporate bonds.” [Capitalization Theory and Techniques, Charles B. Akerson, MAI; Page 42]
- Discounted Cash Flow (DCF) Factors can be used to establish the “Present Value” (PV) of a future payment discounted to the current date and may be calculated with at least “two” different formulas using a financial calculator (HP-12C) as follows:

METHOD ONE: UNEVEN		METHOD TWO: EVEN	
Using Discounted Cash Flow	<i>Uneven</i> Payments (HP-12C)	Using Discounted Cash Flow	<i>Even</i> Payments (HP-12C)
Blue Key Cfo	= \$1.00 initial payment	Blue Key BEG (7)	Calculator set to Begin Mode
Blue Key CFj	= \$1.00 annual rent	White Key PMT	= \$1.00 (CHS) initial payment
Blue Key Nj	= 2 two more payments	White Key n	= 3 three payments
White Key i	= 10% market discount rate	White Key i	= 10% market discount rate
Gold Key NPV	= ??? solution to problem	White Key FV	= -0- future value
Answer NPV	= \$2.736 calculated NPV	White Key PV	= ??? solution to problem
Cfo = Initial Cash Flow	Nj = # Equal Consecutive CF’s	Answer PV	= \$2.736 calculated PV
CFj = 1 up to final Cash Flow	NPV = Net Present Value	PV = Present Value	PMT = Payment
Table below calculated values:	1% to 14% using <u>uneven</u> DCF	Table below calculated values:	1% to 14% using <u>even</u> DCF
1%	2.9704	1%	2.9704
2%	2.9416	2%	2.9416
3%	2.9135	3%	2.9135
4%	2.8861	4%	2.8861
5%	2.8594	5%	2.8594
6%	2.8334	6%	2.8334
7%	2.8080	7%	2.8080
8%	2.7833	8%	2.7833
9%	2.7591	9%	2.7591
10%	2.7355	10%	2.7355
11%	2.7125	11%	2.7125
12%	2.6901	12%	2.6901
13%	2.6681	13%	2.6681
14%	2.6467	14%	2.6467

I. Perpetual Easements

***PAGE 83

Fee title is maintained by the fee owner; however the acquiring agency has the right to use the R/W for the intended purpose (e.g. *drainage construction*). Compensation for these acquisitions is calculated at “95%” of the fee simple value.

J. Compensation for Fencing

***PAGES 84 thru 86

In an effort to establish some basis for consistency for valuing agricultural type fencing and to ascertain that the property owner is duly compensated for the property being acquired, the following scenarios and solutions will be the policy of INDOT.

Assume: Limited access taking with no frontage road.

Considerations: Type & condition of current fencing. Utility served by the existing fence.

Policy:

- If the existing fencing is comparable or superior to the fence which will be erected in its place, pay a depreciated cost value for all fencing in the area of acquisition.
- If the existing has deteriorated to the point of having little or no value, pay nothing for the fencing in the area of acquisition.
- If it is assumed that all cross fences will be left in place, pay a cost-to-cure for end sets, bearing in mind the “*right hand rule*”, if there is not other indications of the ownership of fencing.

RIGHT HAND RULE:

Indiana Code IC 32-26-9-2 states Lands outside or abutting municipal boundary Sec. 2. (a) The owner of a property that: (1) is located outside; (2) abuts; or (3) is adjacent to; the boundary of the corporate limits of a town or city shall separate the owner’s property from adjoining properties by a partition fence constructed upon the line dividing or separating the properties regardless of when the properties were divided. (b) Except as otherwise provided in this chapter, and if a division of the partition fence has not been made between the property owners for the building, repairing, or rebuilding of the partition fence:

For a partition fence built along a property line that runs from north to south: the owner whose property lies to the east of the fence shall build the north half of the fence; and the owner whose land lies to the west of the fence shall build the south half of the fence; and for a partition fence built along a property line that runs from east to west: the owner whose property lies north of the fence shall build the west half of the fence; and the owner whose property lies to the south of the fence shall build the east half of the fence. Notwithstanding subsection (b), if either property owner has constructed one-half (1/2) of a partition fence that is not the portion required under subsection (b) and has maintained that portion of the partition fence for a period of not less than five (5) years, the property owner may continue to maintain the portion of the fence. (d) If a property owner fails to build, rebuild, or repair a partition fence after receiving notice under this chapter, township trustee of the township in which the property is located shall build, rebuild, or repair the fence as provided under this chapter. As added by P.L.2-2002, Sec.11.

- If the realignment of fields is necessary, pay a depreciated cost for end sets and fences which will be eliminated; OR
- Pay a cost-to-cure for end sets and fences which will be relocated.

Assume: Limited access taking with frontage road; OR Non-controlled access R/W taking

Policy:

- Pay a cost-to-cure for relocation of fences on the new R/W line plus end sets for all cross fences. Again recognize the “*right hand rule*” and above definition.

INDUSTRIAL FENCING

- Pay a depreciated cost for the existing fence; OR
- If a specialized type fence is required by the industrial operation, Design should be contacted in an effort to have the farm field type fence replaced during construction with the type of fencing required. Pay a token value for the existing fence since the owner will no longer have any control over the placement, upkeep, etc.
- Ornamental, Decorative or Super-adequate Fencing; handle the same as Industrial Fencing.
- Fencing Temporary R/W to Contain Livestock. The Department’s Standard Highway Specifications (1993), Section 1077.13, Paragraph 400 states, “At locations involving temporary R/W where it is necessary to remove existing fence, unless otherwise directed, by temporary R/W. The fence shall be sufficient to prevent encroachment of livestock on the R/W”. [*Stock Tight*]

K. Lessee Owned Improvements

***PAGE 86

At the time of the owner contact and/or property inspection it is the responsibility of the appraiser to determine ownership of the improvements. If any improvements are lessee owned, it will be necessary to determine:

1. Intent of the parties as to ownership of improvements made by lessee.
2. Terms of the lease, if any, concerning improvements made by the lessee.
3. The method in which the improvements are affixed to the property.

It will be necessary to determine if the improvement is personal property or real estate. All real estate will be appraised with a separate value broken out in the appraisal report and personal property will not be appraised, but identified in the appraisal as personal property.

KEYS:

- It may be necessary to obtain an appraisal prepared by a specialist for items not typically deemed real estate (i.e. *Specialty Report*).
- For properties with tenant owned improvements appraise the total property to determine its maximum selling price. Appraiser must then determine the amount of the total value which is payable to the tenant owner for buildings, structures, or other improvements. Such amount will be the contributory value of the tenant improvements or their removal value, whichever is greater.
- Concerning the Leasehold Interest; the present worth of the difference between the contract rent and the economic rent of the leased property; INDOT will refer to the “**Undivided Fee Rule**” {*Real Estate Valuation in Litigation, 2nd Edition, Appraisal Institute, Page 384*}- “*In most condemnation appraisals, the appraiser is instructed to exclude from consideration existing leases and their effect, if any, on the market value of the property and to appraise the property as if all interests in it were held by one individual or entity. This concept is often referred to as the undivided fee rule (see Chapter 4). The rationale behind this rule is that the condemnor is acquiring the fee simple title to the property, not the various, separately held interests in it. The federal courts and many state courts have adopted the undivided fee rule.*”
- When it is not easily determined whether the improvement is real estate or personal property, the appraiser will discuss the situation with the review appraiser and if not resolved the reviewer will contact the appropriate Program Director I and Region Administrator for a resolution in the matter.

“HOW MUCH IS A TREE WORTH?”

LAND IMPROVEMENT COMPENSATION

Remember to photograph, itemize, and calculate the size area (i.e. lawn, gravel, asphalt, concrete, etc.) of each land improvement type that is located inside the new R/W, including items that may be inside the PER. The payment for these items will be developed as they **“CONTRIBUTE”** to the entire property value.

Cost Manuals like Marshall & Swift are generally used as a basis for cost new for site improvements less an **“observed depreciated contributory value” (ODCV)** that is assigned to each item that factors the condition of the improvement. **EXAMPLE:** *Marshall Valuation Service, Section 66, Pages 2 & 8, December, 2005; YARD IMPROVEMENTS:*

Item Type	Cost New	Deprec	Unit Value
Lawns; seeding/dressing	Avg. 0.32	66%	\$0.11/SF
Trees; ea. small 15 gal.	Avg. 145.00	66%	\$50.00/ea.
3” Aggregate base	Avg. 0.82	50%	\$0.41/SF
3” Asphalt	Avg. 2.30	50%	\$1.15/SF
4” concrete unreinforce	Avg. 4.30	42%	\$2.50/SF

WORK SMART; COUNT YOUR STEPS

L. Presently Existing R/W (PER)

***PAGE 87

In some instances, R/W acquisitions by the acquiring agency were not recorded or recorded timely & properly (i.e. R/W Grants). In an effort to correct this situation some parcels may include a breakout of the area of Existing R/W to be acquired by Warranty Deed as follows:

- Area under the pavement.
- Area of apparent existing R/W.
- Area of additional R/W to be acquired.

The following policy has been established by INDOT to determine Just Compensation for acquiring presently existing R/W (PER):

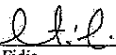
- A nominal amount of \$1.00 will be awarded for the entire area under the pavement.
- The fair market value for the new R/W to be acquired will be established by standard appraisal procedures.
- The value of the apparent/existing R/W will be calculated at **100%** of the value of the adjacent new R/W.
- Land improvements in the existing R/W will be appraised on the basis of their contributory value to the subject property or a cost-to-cure estimate as appropriate. [*SAMPLE of a Warranty Deed with PER & an Engineer Plat below:*]

EXHIBIT “A”

Project: 0500443
Code: 5349
Form: WL-1
Key No.: 14-09-18-900-001.000-010
Parcel: 105B Fee with Full Limitation of Access

A part of the Northwest Quarter of Section 18, Township 3 North, Range 6 West, Daviess County, Indiana, and being part of the grantor's land lying within the right of way lines depicted on the attached Right-of-Way Parcel Plat, marked EXHIBIT “B”, described as follows: commencing at the southeast corner of said Northwest Quarter, designated as point “10060” on said plat; thence South 89 degrees 37 minutes 09 seconds West, 62.30 feet along the south line of said Northwest Quarter to the point of beginning of this description: thence continuing South 89 degrees 37 minutes 09 seconds West, 312.72 feet along said south line; thence North 1 degree 45 minutes 35 seconds East, 10.40 feet to the north right-of-way line of County Road 250 North, designated as point “41103” on said plat; thence continuing North 1 degree 45 minutes 35 seconds East, 43.28 feet to point “40079” designated on said plat; thence North 2 degrees 22 minutes 57 seconds East, 259.00 feet to point “40089” designated on said plat; thence North 5 degrees 51 minutes 48 seconds East, 210.46 feet to point “40090” designated on said plat; thence North 8 degrees 51 minutes 55 seconds East, 15.50 feet to the center of certain lateral ditch; thence South 80 degrees 23 minutes 37 seconds East, 93.81 feet along center of said ditch; thence North 88 degrees 16 minutes 19 seconds East, 216.77 feet along center of said ditch; thence southerly 475.46 feet along a curve to the left, having a radius of 3,375.00 feet, the long chord of said curve bears South 3 degrees 57 minutes 44 seconds West, 475.06 feet to point “41352” designated on said plat; thence South 0 degrees 04 minutes 25 seconds East, 40.43 feet to said north right-of-way line, designated as point “41359” on said plat; thence continuing South 0 degrees 04 minutes 25 seconds East, 11.55 feet to the point of beginning and containing 3.728 acres, more or less, inclusive of the presently existing right-of-way which contains 0.079 acre, more or less.

This description was prepared for the Indiana Department of Transportation by Coventine Fidis, Indiana Registered Land Surveyor, License Number 80910010, on the 7th day of December, 2009.

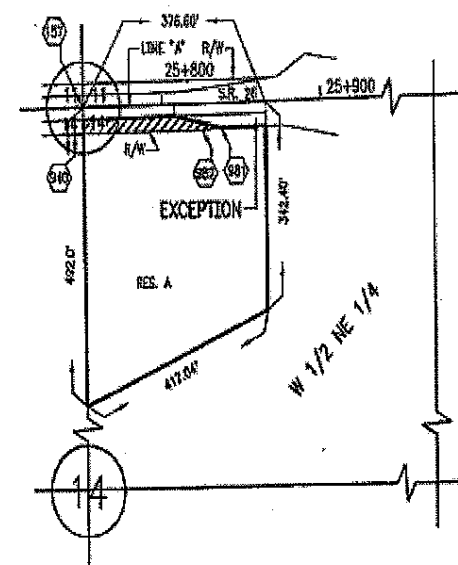

 Coventine Fidis
 Indiana Registered Land Surveyor No. 80910010

PARCEL: 110
 PROJECT: STP-4005(005)
 ROAD: S.R. 26
 COUNTY: JAY
 SECTION: 14
 TOWNSHIP: 23N.
 RANGE: 12E.

OWNER: Public, John Q. Et Ux.
 DEED RECORD 158 ,PAGE 707 ,DATED 9/20/90

L.A. CODE: 4403
 DRAWN BY: G. HAMILTON 5/8/03
 CHECKED BY: R. WILSON 5/15/03
 SCALE: 1" = 200'
 0 50' 100' 200'
 NOTE: STATIONING IS METRIC

HATCHED AREA IS THE APPROXIMATE TAKING
 THIS PLAT WAS PREPARED FROM INFORMATION OBTAINED FROM THE RECORDERS OFFICE AND OTHER SOURCES WHICH WERE NOT NECESSARILY CHECKED BY A FIELD SURVEY.



PARCEL COORDINATE CHART (shown in meters)

POINT	CENTERLINE	STATION	OFFSET	NORTHING	EASTING
157	SEE LOCATION CONTROL ROUTE SURVEY PLAT				
840	"A"	25+613.363	13.600 RL	4680.041	10427.277
881	"A"	25+1756.782	14.324 RL	4692.028	20720.612
882	"A"	25+1725.000	13.500 RL	4680.281	20708.857

NOTE: STATIONS AND OFFSETS CONTROL OVER BOTH NORTH & EAST COORDINATES AND BEARINGS & DISTANCES.

M. Improvements in Existing R/W (NON-“PER”)

***PAGE 87

It is INDOT’s policy to award no compensation for improvements which are encroaching on existing R/W. If extenuating circumstances indicate that compensation should be awarded for such improvements then approval must be obtained from the Region Administrator or the approving authority of the acquiring agency, and PRIOR approval must be obtained from the FHWA for federal participation projects with consistency maintained on a project basis.

N. Change in Ownership

***PAGE 88

When there is a change in ownership on an assigned parcel, the following procedure is to be followed:

- Complete the name change form in DUPLICATE & insert one copy in the parcel packet.
- Send one copy of the name change notice to the appropriate District (6 Districts) Program Director I for the Office of Real Estate.
- Mark out the original fee owner(s) name on the parcel packet & add the new fee owner(s) name.
- If there is NO CHANGE in the acquisition this is all that needs to be done. DO NOT send the parcel to the District or R/W Engineering consultant.
- If there IS A CHANGE in the acquisition due to a partial sell-off/split, design changes, etc. follow the normal procedure for submitting the parcel to the appropriate District Program Director I for the Office of Real Estate.

O. Appraisals Returned for Revisions

***PAGES 88 thru 90

- It is the responsibility of the review appraiser to return for revision any appraisal that does not meet the minimum standards set out in the INDOT Appraisal Manual or that is not made according to accepted professional appraisal practice.
- All appraisals returned will be accompanied by an "Appraisal Evaluation Sheet" setting out the reasons why the appraisal is considered unacceptable for review.
- It is the responsibility of the appraiser to make whatever changes are necessary to make the appraisal report acceptable for review.
- Follow the basics steps to correct either the appraisal report or Comparable Sales Dockets as necessary.

P. Advertising Signs & Billboards

***PAGES 91 thru 93

All signs in the R/W must be described, photographed, & appraised or cost-to-cured as needed. Sign ownership is the determining factor as to how the appraisal is to be handled. Since sign leases are seldom recorded, this issue may not be determined until the property owner has been contacted. It is at this point that the appraiser must inquire as to the ownership of the sign and then proceed as indicated below:

- On Premise Signs- An on premise sign is one that is owned by the fee owner of the property or owned by the tenant who leases the property from the fee owner & operates a business on the site. A sign owned by the fee simple owner of the land is appraised along with the appraisal of the site. A sign owned by a tenant or lessee who operates a business on the site requires a separate "Statement of Just Compensation" for each tenant or lessee.
- Off Premise Signs- An off premise sign is owned by a company or individual who leases only the sign site for advertising purposes; thus creating a Leasehold interest. The Leasehold interests and signs are appraised separately from the fee ownership and require a separate appraisal. The parcel number is the same as the number of the fee owner's parcel; followed by SA, SB, SC, consecutively referred to as Supplemental Parcels.
- Parcel Packets- Separate parcel packets needed for signs may not have been prepared prior to the project being sent to Appraising. The appraiser who was assigned the parcel must request the appropriate District Program Director I for the Office of Real Estate to prepare a parcel packet.
- Cost-to-Cure Estimates- When possible the compensation to the sign owner should be an estimate to relocate the sign on the residual property or other nearby location. To be eligible for moving, the sign must be legal & in conformance with local zoning. The proposed new location must also be equal to the current site for advertising purposes. A cost to move the sign or billboard must be obtained from a local sign company & included in the appraisal report. If the cost-to-cure exceeds the value of the sign then the sign must be appraised & purchased.
- Appraising Signs for Purchase- Advertising signs are currently being acquired as real property in the State of Indiana. To be acquired the sign must be legal and may be either conforming or non-conforming (grandfathered) with local zoning. The sign owner must have a ground lease, either written, verbal or "handshake which establishes the Leasehold interest. Small and/or non-standard painted bulletin signs; especially those owned by the advertiser are to be acquired using the cost approach. When the sign owner rents advertising space to the advertiser, the leasehold & sign structure must be treated as income property, and all three approaches to value must be used. Supplemental Parcels must contain a Leasehold Release (Quit Claim Deed).
- Temporary R/W for Sign Removal- When INDOT must purchase a sign or billboard, a temporary R/W may be needed for the sign removal during construction; unless the entire structure is inside the new R/W. Make sure the parcel deed(s) reflect this purpose.

Q. Extraordinary Assumption & Hypothetical Condition

- Extraordinary Assumption: "an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions." [USPAP Effective 7/01/06, Pg. 3-Lines 82-83]
- Hypothetical Condition: "that which is contrary to what exists but is supposed for the purpose of analysis." [USPAP Effective 7/01/06, Pg. 3-Lines 89-90]
- All properties must be "APPRAISED AS CLEAN"; please refer to the above extraordinary assumption and hypothetical condition provided by USPAP to be referred to in the appraisal report. Refer any questions about contaminated properties to the INDOT Office of Environmental Services; 317-232-5113.

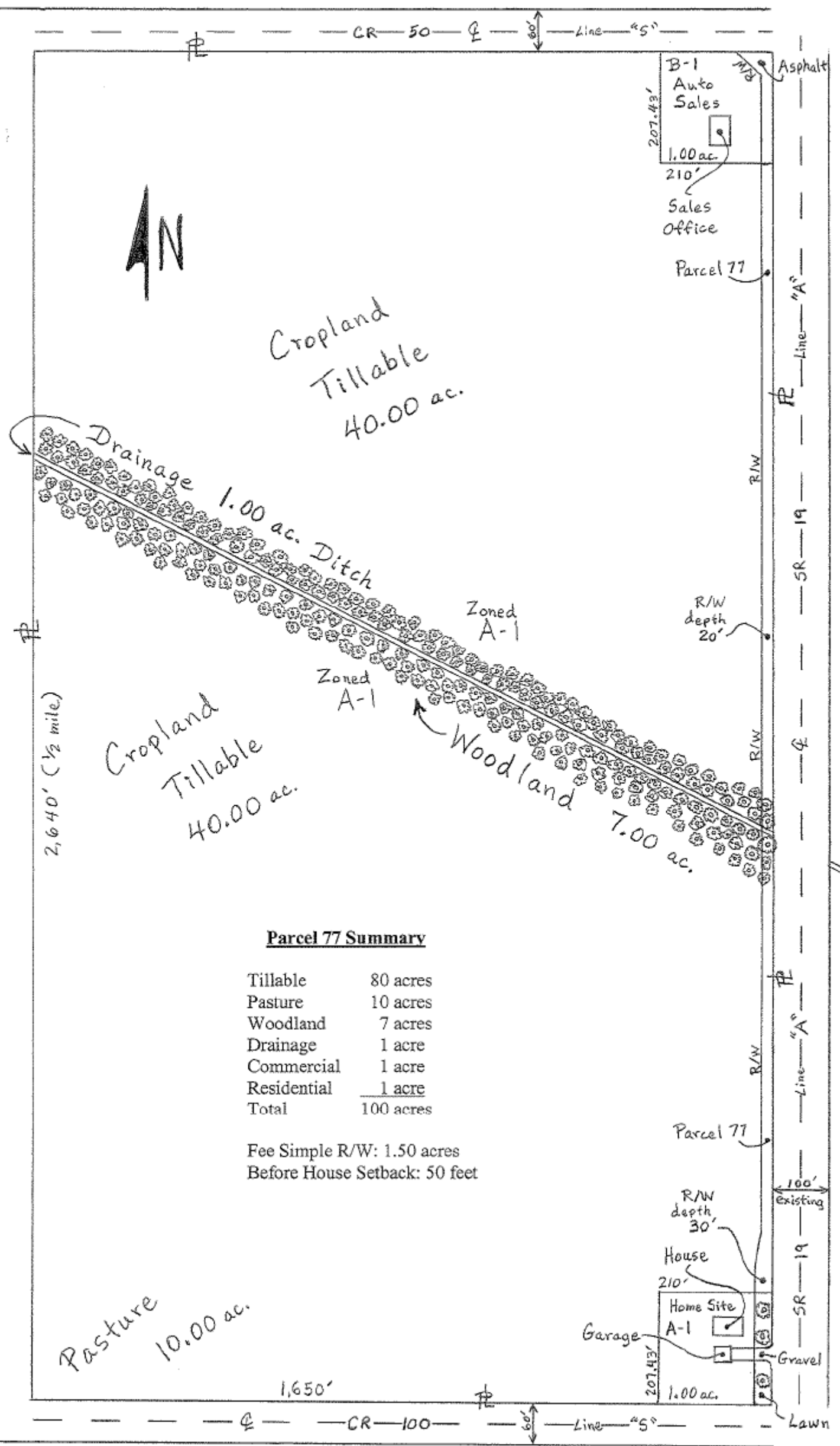
R. Unit Rule

Consider the "Unit Rule" [Uniform Appraisal Standards for Federal Land Acquisitions, Pg. 53 & 54 and Real Estate Valuation in Litigation; Pgs. 53-54, 56-58, 62, 127-128]; This market value concept adopted by the courts to be applied in federal acquisitions has two (2) aspects as follows: **{Consider Highest & Best Use}**

- a.) Requires that property be valued as a whole rather than the sum of the values of various interests (e.g. lessor & lessee).
- b.) Different (*natural, not man-made as a Chicago attorney claimed to not itemize land improvements acquired*) elements or components of a tract of land are not to be separately valued & combined (e.g. timber value, mineral rights).

CASE STUDY for Appraisal Problem Analysis (APA) on the following page:

- How many Highest & Best Uses are demonstrated for the subject property?
- How many different land value types are apparent for appraising?
- What type of appraisal assignment will the Auto Sales probably generate and why?
- What type of appraisal assignment will the Home Site probably generate and why? What critical cost-to-cure may be likely?
- How will the compensation amount for the trees in the Woodland region vary from the trees in the Home Site area?



Parcel 77 Summary

Tillable	80 acres
Pasture	10 acres
Woodland	7 acres
Drainage	1 acre
Commercial	1 acre
Residential	1 acre
Total	100 acres

Fee Simple R/W: 1.50 acres
 Before House Setback: 50 feet