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CHAPTER 2

APPRAISAL AND APPRAISAL REVIEW POLICIES AND PROCEDURES

2.01 GENERAL

Private property shall not be taken for public use without payment of just compensation (Ill. Const. 1970, Art. 1 Sec. 15). Appraisals and the waiver of appraisal procedure are utilized by the Illinois Department of Transportation, Division of Highways, to establish a basis for determining just compensation. The division is released from the obligation of obtaining an appraisal or waiver of appraisal when an owner has been informed of the right to receive just compensation, and they choose to donate the property or rights to be acquired. When an appraisal is prepared, the owner or the owner's designated representative must be given an opportunity to accompany the appraiser during inspection of the property.

2.01-1 FEE APPRAISER QUALIFICATIONS AND APPROVAL

Fee appraisers must have the necessary background and experience, ability and enterprise to gather the necessary facts, correlate and analyze them, demonstrate good judgment in forming opinions of fair market values, and their appraisal reports must meet our minimum requirements. They must be able to interpret highway plans and be capable of determining the effect of the proposed improvement on the properties being appraised. Appraisers must be willing to prepare and testify to unbiased opinions of value without being an advocate for the department. When called upon for service as expert witnesses, they must be capable of presenting, in a forthright and thorough manner, all of the facts considered in preparing the appraisal, and to defend, in a logical and convincing manner, the conclusions, which they have reached.

Fee appraisers must be approved by the Central Bureau Engineer of Land Acquisition prior to receiving assignments to prepare appraisals. Fee appraisers, who are not on the approved appraiser list, but the district wishes to use for appraisal work, must be interviewed by the district engineer, or authorized representative. At the interview, fee appraiser qualifications and appraisal requirements of the Division of Highways will be fully explained. Copies of appraisal report forms with instructions for their use will also be reviewed with the appraiser.

Prospective fee appraisers must complete the standard "Application for Assignment" ([Exhibit 2.01-1](#)) and furnish evidence that they meet requirements, including the prescribed Appraisal Principles Examination, when considered necessary.

After the interview, the district engineer, or representative, will review the application, qualifications of the appraiser and the Appraisal Principles Examination when necessary. A copy of each shall be submitted to the Central Bureau Engineer of Land Acquisition, only if the district engineer wishes to make assignments to the appraiser and feels that the appraiser is qualified and willing to do acceptable work.

After a review, the Central Bureau Engineer of Land Acquisition will notify the district engineer whether or not assignments may be made to the appraiser. When the appraiser is approved, the Central Bureau Engineer of Land Acquisition will send a letter informing the appraiser of approval to prepare appraisals for the division.

When an appraiser is approved, the first assignment should include only a few parcels. If,

after a review of appraisal reports, the work appears to meet the minimum requirements, additional assignments may be made to the appraiser. When appraisals do not meet our requirements, the reviewer will inform the appraiser, and if satisfactory work cannot be obtained the district engineer should initiate action to have the appraiser's name removed from the approved list.

In order to be approved, an appraiser must meet certain educational and experience requirements. If the appraiser is a state certified or licensed appraiser, all or some of these requirements will be waived. In addition to the application, the following qualification criteria will be used to determine if the appraiser should be approved.

- If the appraiser is a state certified general or residential appraiser, the experience and education requirements are satisfied. The appraiser is not required to submit a sample appraisal, but must submit a copy of their current state license with the application.
- If the appraiser is a state licensed residential appraiser, the education requirements are satisfied. The appraiser is not required to submit a sample appraisal, but must furnish documentation of two years experience in preparing written appraisal reports, and a copy of their current state license with the application.
- If the appraiser is neither state certified nor licensed, the following qualifications will apply:
 - Must have at least two (2) years experience in preparing written appraisal reports. A background of one of the following is preferred:
 - Handling real estate transactions
 - Handling real estate loans
 - Property management (including farm management)
 - Training in a field related to real estate
 - Must furnish the following:
 - A sample appraisal that, after a review, convinces a Division of Highway reviewing appraiser that the fee appraiser can prepare appraisal reports that will meet our minimum requirements
 - Show proof of successful completion of two (2) appraisal courses such as those given by the Appraisal Institute or an accredited college; or, successfully complete an examination on appraisal principles and theories that has been prepared and graded by the Division of Highways

The "Appraisal Principles Examination" is not included as an exhibit. It shall be kept in the district office files and shall not be made available to the public.

2.01-2

APPROVED FEE APPRAISER LIST

The division shall maintain a list of approved fee appraisers. The list is an in house document for the division's use in selecting appraisers. It is not intended to be used as a general reference of qualification for any other purpose. The list should be reviewed continually and anytime an appraiser does not perform satisfactorily, the appraiser should be removed from the list. If the division does not intend to make additional assignments to an appraiser for a

period of a year or more, the appraiser should be placed on the inactive list. If an appraiser is on the inactive list for three consecutive years, the appraiser will be deleted from the approved list and will have to reapply to do work for the division.

2.01-3 STAFF APPRAISERS

In order to provide the required need for staff appraisers, any employee of the division may be assigned to prepare appraisals consistent with their ability, qualifications and experience.

2.01-4 SELECTION OF APPRAISERS

The selection of appraisers is of utmost importance, and consideration should be given to the following before making the appraisal assignment.

- The appraiser's qualifications
- The type of property to be appraised
- The complexity of the appraisal problem
- The availability of the appraiser
- The effectiveness of the appraiser as an expert witness
- Other factors that may be of importance

Appraisers should normally be selected from the area or district in which the project is located. There will, however, be cases when it is necessary or advisable to select appraisers from another area. The type and complexity of properties on the project and availability of appraisers qualified for the assignment influence these decisions. Selection of appraisers is made by the district engineer or authorized representative. A fee appraiser must be on the list of approved fee appraisers to be eligible for assignments.

The requirements of this section are not applicable to the selection of valuation witnesses by counsel for the department in condemnation proceedings.

2.01-5 USING STATE CERTIFIED FEE APPRAISERS/REVIEWERS

When an appraisal problem requires a detailed appraisal and it is assigned to a fee appraiser, the appraiser shall be a certified general or certified residential real estate appraiser, if there is federal funding in any phase of the project. On projects with no federal funding, a certified general or residential appraiser should be used to prepare detailed appraisals when assigned to a fee appraiser. Staff appraisers and staff reviewers will not require certification to prepare or review detailed appraisals.

A detailed appraisal is defined as a complex appraisal problem that requires thorough documentation to support the values and conclusions contained in the report. An appraisal is considered detailed if one of the following circumstances is applicable.

- Damages, excluding non-complex cost to cure, exceed \$10,000.
- Acquisition involves the taking of a principal building.

- The highest and best use is different than present use or zoning.
- On acquisitions involving only land or land with minor improvements, a staff reviewing appraiser will determine if the appraisal problem is complex.
- Some other examples of complex appraisal problems are:
 - A complex specialty report is required.
 - Market data is inadequate and consideration must be given to the cost and/or income approaches as appropriate.
 - A complicated valuation problem is involved.

The selection of fee appraisers and fee reviewers for detailed appraisals shall be in accordance with the following classifications:

- State Certified Residential Real Estate Appraiser - This category limits the appraiser to appraising or reviewing residential property containing 1-4 living units, and vacant single-family land zoned residential, which will accommodate no more than four living units.
- State Certified General Real Estate Appraiser - This category allows the appraiser to appraise or review any type of real estate.

Fee reviewers shall be certified to review detailed appraisals on projects, which have federal funds in any phase of the project. On projects with no federal funding, a certified reviewer should be used to review detailed appraisals. Fee reviewers with certified residential real estate appraiser classification are limited to reviewing the types of properties listed under this classification above.

If an excess land parcel was acquired with federal funds, a fee appraiser must be certified when the appraisal problem is complex and requires a detailed appraisal. If a principal building is located on the excess land or when a staff reviewing appraiser determines that the appraisal problem is complex, a detailed appraisal will be required.

The acquisition of access rights are valued on a before and after basis, and the difference is considered a damage to the remainder. If the damage is over \$10,000, the appraisal problem will be considered complex and require a detailed appraisal.

2.01-6 CONTRACTS AND FEES

The work performed by fee appraisers, fee reviewing appraisers, and specialty appraisers is considered a construction-related service. The division does not require formal advertisement for the solicitation of bids unless a contract exceeds \$30,000 per fiscal year on a project. Contracts expected to be over \$30,000 must go through the consultant selection process and awarded in accordance with Departmental Order 6-8. Contracts should only be entered into with qualified appraisers, reviewers, and specialty appraisers. The Central Bureau of Land Acquisition's contract generator for appraisal, appraisal review, and specialty appraisal services shall be used for all contracts. When a contract is amended, the contract generator's amendment shall be used. Contracts can be amended to add new parcels, delete parcels, revise existing parcel rates, and extend the contract termination date. Except for specialty appraisal contracts, the district must specify the appraisal form to be used on each parcel.

Fees are to be on a parcel by parcel basis and should be determined by the complexity of appraisal problems, number of parcels assigned, travel distance for the appraiser, amount of

information furnished by the district, amount of information the fee appraiser must obtain, etc. This data is also considered when estimating fees for up-dates and revisions. Fees for updates and revisions cannot be based on a flat percentage of the original fee. Separate fees can be paid for preparation of market data, market analysis, etc.

In a limited number of cases where special use properties or highly complex appraisal problems are encountered, a per diem rate contract with a stated limit may be used. The overall limit should not be exceeded except by a supplemental agreement. Prior approval must be obtained from the Central Bureau Engineer of Land Acquisition for the use of a per diem rate contract. Fees for pretrial conferences and court appearances shall be based on a per diem rate as required in the contract.

Prior to entering into a contract with a fee appraiser, reviewing appraiser, or specialty appraiser, a qualified individual from the district will view the project to determine the number and type of appraisals needed and estimate a fee per parcel. In exceptional cases, due to a lack of time, the estimate may be made after requesting a contract but must be made prior to receiving the contract from the fee appraiser. This estimate must be in writing and must be retained in the project file. A predetermined schedule of fees for different types of properties may be used. Estimates are not required on parcels to be assigned to staff appraisers.

When a written contract is submitted by the fee appraiser, it will be reviewed by the district land acquisition engineer, or delegated representative, and approved by the district engineer if found to be acceptable. Upon approval, the contract becomes a binding contract and all of the provisions in the contract must be met. Bills for fee appraising, reviewing and specialty appraising services may be processed for payment when the reviewing appraiser is satisfied that the appraisal report meets basic requirements of the assignment. Reviewers are not required to certify appraisals before bills are processed.

Contract amendments for revisions to a contract including the term of the contract must be sent to the Central Bureau of Land Acquisition (CBLA) prior to submitting the payment request. Contracts are not required for valuation witnesses retained by the division or by a Special Assistant Attorney General (SAAG). They are also not required for cost to cure or mineral estimates. However, where the witnesses are retained or the division obtains estimates, the district files shall contain, as a minimum, a letter of assignment stating the fees for such service. SAAGs may use any form of contract that they choose.

2.01-7 INFORMATION FURNISHED APPRAISERS

When assignments are made, the district shall furnish, or otherwise make available, to staff and fee appraisers as much of the following information as is pertinent:

- Appraisal report forms ([Exhibits 2.02-2A\[BRW 742\]](#), [2.02-2C\[BRW 229\]](#) and [2.02E\[BRW 2063\]](#))
- Instructions for completing the appraisal report forms ([Exhibits 2.02-2B](#), [2.02-2D](#), and [2.02-2F](#))
- Right of way plans
- Sketches of the whole property showing location of improvements, property dimensions on small holding and other significant topographic features
- Plats and descriptions along with areas of the taking and remainders when applicable
- Plan and profile and cross section sheets

- Information as to how the particular properties will be affected by the proposed improvement, including construction features to be undertaken to mitigate damages
- Information pertaining to generally noncompensable items of damage under Illinois law ([Section 2.02-20](#))
- Information pertaining to benefits to the remainder ([Section 2.02-6](#))
- All available title information
- Comparable sales the district may have
- The rights to be appraised
- Any other information that may be necessary or beneficial to the appraiser

2.01-8 RATING OF APPRAISERS

Fee appraisers and fee reviewers will be rated at the end of each fiscal year. Only the fee appraisers and reviewers who received payments from the department for services provided during the fiscal year need to be rated. Interim ratings should be prepared when circumstances such as poor initial work indicate a need to formally inform the fee appraiser or fee reviewer. Individual fee appraisers and fee reviewers who sign appraisal reports and review certifications are rated rather than companies. Ratings are prepared on BRW 891 ([Exhibit 2.01-8](#)). If continued selection is not recommended on the rating report, the fee appraiser or fee reviewer will be removed from the Approved Fee Appraisers List. Each rated appraiser and reviewer must receive an "Overall Performance" rating. Copies of all ratings must be provided to the appraiser being rated and to CBLA by July 15 of each year.

Staff appraisers are rated annually on the "Performance Management System" forms, which are made a part of the individual's confidential personnel record.

2.01-9 ACQUIRING PROPERTY FROM LOCAL AGENCIES

The procedures for acquiring property in public use or ownership are in [Chapter 8](#). The procedures call for preliminary estimates and valuations that will be prepared and/or reviewed by the appraisal units in the district and CBLA.

2.01-10 CONDEMNATION

As soon as possible after an assignment to a SAAG has been made, a meeting should be arranged between the SAAG and a representative of the district engineer to review the valuation evidence. It is strongly recommended the SAAG and valuation witness discuss the valuation evidence before any valuation testimony is presented. At this time, the SAAG may request updates of existing appraisals. New appraisals or opinions of value also may be obtained. Opinions of value, which are obtained for court testimony, may be prepared in any detail desired by the district engineer or SAAG. It is highly recommended the administrator and the attorney obtain the opinion of the reviewing appraiser as to the reasonableness of the value estimate. Waiver of appraisals should not be used as a basis to give valuation testimony in condemnation proceedings. They generally do not contain sufficient information for court testimony. The district should not have the existing appraisals updated until requested to do so by the SAAG. The "as of" date is the date the complaint is filed.

There will be instances when the department may determine not to include the valuation of the whole property in the appraisal assignment. This occurs when the taking is minor and a

valuation of the whole property would involve more time and expense than the appraisal problem warrants. Examples of this may include:

- Valuation of a fee taking/permanent easement/temporary easement from an active railroad line which involves hundreds of miles of track, switching equipment, switching yards, etc.
- Minor fee taking/permanent easement/temporary easement from a property where the major improvements contributing to value are located such that the taking does not impact their function, or there may be little or no unity of use between the major improvements and the area of the taking (excepting cost to cure damages consideration for items such as fencing, signs, landscaping and other similar items).

In these instances, the taking will not impact the improvements either negatively or positively. It is the reviewing appraiser's responsibility to make the initial determination that any proposed appraisal assignment fits this situation. The appraiser is still responsible for conducting a sufficient analysis to concur that the taking is of such a minor nature that it is unnecessary to include a detailed before and after valuation of the whole for the particular appraisal assignment.

When condemnation is necessary, the appraisal should be revised to include the value of the whole property before and after the acquisition, or as instructed by the SAAG. This revision will utilize existing data on the whole property in the appraiser's file and any new information obtained for this purpose. ([See Section 2.02-1 MINIMUM APPRAISAL REQUIREMENTS](#)).

When the SAAG has had a chance to completely analyze the case and study the evidence including the state and property owner testimony, a settlement may be recommended. There are several reasons for recommending settlement. One that is often used is updated appraisals that reflect increases in values between the date the appraisals were originally prepared and the date the petition is filed. Other reasons for settlement are:

- Legal interpretation of assumptions made in appraisals obtained by the division
- Quantity and quality of data available to the appraiser
- The effectiveness of the appraiser as a witness
- Additional appraisals, including those of the landowner
- Interest payments to which an owner may be entitled under state law
- Uncertainty as to the highest and best use of the property before the taking, and, when appropriate, after the taking
- Complex severance damages or other valuation problems that necessarily produce uncertainties as to value
- Uncertainty as to interpretations of state law concerning the measure or compensability of particular elements of value or damage, or concerning the admissibility of evidence necessary to prove facts in issue
- Recent court or jury awards for eminent domain takings in the area
- Other factors which would justify settlement

When settlement is based on a subsequent appraisal, the division must be furnished a copy of the appraisal that contains data to document and support the opinions of value and/or damages.

2.01-11 COMPLIANCE WITH THE UNIFORM STANDARDS OF PROFESSIONAL PRACTICE

The department, the Office of Banks and Real Estate, and the Illinois Appraisal Committee have agreed on a process that allows appraisers who are required to follow the Uniform Standards of Professional Practice (USPAP) to prepare appraisals for the department without violating USPAP. All appraisals, appraisal waivers, appraisal reviews and other types of valuations prepared for the department, or local agencies which require the appraiser to follow the department's appraisal requirements, have to comply with USPAP. When the department's appraisal requirements are contrary to the applicable USPAP Standards, compliance with USPAP is achieved by invoking the Jurisdictional Exception (JE). The JE requires the appraiser to identify the jurisdictional authority that justifies the JE and the part or parts of the USPAP Standards that have been disregarded.

The department has developed a Jurisdictional Exception Certification and checklists for Standards 1, 2, and 3. See [Exhibit 2.01-11](#). They are also available on the department's website. The certification, which identifies the authority that justifies the JE, has to be completed and included in each valuation or appraisal review. The checklists for Standards 1 and 2 (appraisals) and Standard 3 (appraisal review) are used to identify the part or parts of these standards that were disregarded. The appropriate checklist has to be completed for each valuation and maintained in the appraiser's work file. The shaded boxes or listed appraisal formats on the checklists indicate the Standard Rules of USPAP with which IDOT expects compliance. If the box isn't shaded, the appraiser will have to determine whether or not they complied with that Standard Rule. If an appraiser chooses not to use the department's documents, the appraiser is still responsible for identifying the part or parts of the USPAP that were disregarded and the authority that justifies the JE.

2.01.12 COMPLIANCE WITH THE PREVAILING WAGE ACT

The Illinois Attorney General has determined that the Prevailing Wage Act (820 ILCS 130/0.01 et. seq.) is applicable to any work paid for with public funds involving highway construction. This includes work performed by a property owner as a result of the payment by the department to move, alter, relocate, etc., any improvements as a consequence of the proposed highway construction. Compensation included in Appraisals and Appraisal Waivers for labor costs must be based on paying the Prevailing Wage. Anyone providing the department with cost estimates must be instructed to use the Prevailing Wage in determining labor costs.

2.02 APPRAISALS

2.02-1 MINIMUM APPRAISAL REQUIREMENTS

The following minimum appraisal requirements apply to all appraisal report forms:

- Standard appraisal report forms, prepared in accordance with the instructions for their use, will be used except in cases when the standard forms do not fit the appraisal problem. The form and content of the forms cannot be changed. The automated appraisal forms can be accessed from the IDOT website at <http://www.dot.state.il.us/>.
- When the standard forms do not fit the appraisal problem, narrative reports or other forms will be accepted. These types of reports must be supported and documented to a

degree compatible with the instructions for the standard forms or with the appraisal problem.

- The minimum total compensation for a fee or dedication acquisition whether by appraisal or by waiver is \$300. The minimum total compensation for a temporary or permanent easement per parcel is \$300 for each parcel whether by appraisal or by waiver. See [Section 2.02-15](#) for the minimum payment requirements for the acquisition of easements on railroad and utility operating right of way.
- The appraiser shall not give consideration to, nor include in the report, any allowance for relocation assistance benefits.
- The owner or designated representative must be given an opportunity to accompany the appraiser when inspecting the property.
- In estimating the value of the property before taking, the appraiser shall disregard 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 such property is acquired, or by the likelihood the property would be acquired for such improvement, other than that due to physical deterioration within the reasonable control of the owner. Any decrease or increase in value caused by the acquisition of a part of the property, however, must be considered in estimating the value of the remainder after taking.
- Appraisal reports must be in ink, typewritten, or computer-generated and staff or fee appraisers shall independently prepare them.
- A revised Certificate of Appraiser, BRW 742-18 ([Exhibit 2.02-2A](#)) or BRW 229-4 ([Exhibit 2.02-2C](#)) is required when there is a change by the appraiser that affects the total compensation or changes the date of valuation.
- There will be instances when the department may determine not to include the valuation of the whole property in the appraisal assignment. This occurs when the taking is minor and a valuation of the whole would involve more time and expense than the appraisal problem warrants. Examples of this may include:
 - Valuation of a fee taking/permanent easement/temporary easement from an active railroad line which involves hundreds of miles of track, switching equipment, switching yards, etc.
 - Minor fee taking/permanent easement/temporary easement from a property where the major improvements contributing to value are located such that the taking does not impact their function, or there may be little or no unity of use between the major improvements and the area of the taking (excepting cost to cure damages consideration for items such as fencing, signs, landscaping and other similar items).

In these instances, the taking will not impact the improvements either negatively or positively. It is the reviewing appraiser's responsibility to make the initial determination that any proposed appraisal assignment fits this situation and is so indicated at the time of the assignment. In the case of a fee appraisal, it will be shown on the contract. The appraiser is still responsible for conducting a sufficient analysis to concur that the taking is of such a minor nature that it is unnecessary to include a detailed before and after valuation of the whole for the particular appraisal assignment. If condemnation is necessary, the appraisal should be revised to include the value of the whole property before and after the acquisition, or as instructed by the SAAG. This revision will utilize existing data on the whole property in the appraiser's file and any new information obtained for this purpose. (See [Section 2.01-10 CONDEMNATION](#)).

- Opinions of value, which are obtained for court testimony, may be prepared in any detail desired by the district engineer or the SAAG. It is highly recommended, however, that the administrator and the attorney obtain the opinion of the reviewing appraiser as to the reasonableness of the value estimate. If these opinions of value are later used as the basis for settlement, the division must be furnished a copy, which contains data to document, and support their opinions of value and/or damages.

2.02-2 WAIVER OF APPRAISAL AND APPRAISAL FORMATS

In addition to the above, the following are minimum requirements for appraisals and waiver of appraisals:

Waiver of Appraisals – 49 CFR 24.102(C)(2) states the following: “An appraisal is not required if the owner is donating the property and releases the Agency from this obligation {of an appraisal}, or the Agency determines that an appraisal is unnecessary because the valuation problem is uncomplicated and the fair market value is estimated at \$10,000 or less {as amended}, based on a review of available data”. When acquisitions are minor, permanent damages are not expected to exceed \$3,000 and the total parcel compensation is \$10,000 or less, the following procedures may be utilized. These procedures do not apply to temporary use permits.

- Appraisals and appraisal reviews are not required, except when waiver of appraisal offers are rejected.
- The minimum payment for a fee or dedication acquisition is \$300. The minimum payment for each temporary or permanent easement is \$300. See [Section 2.02-15](#) for the minimum payment requirements for the acquisition of easements on railroad and utility operating right of way.
- The waiver of appraisal estimate is not an appraisal, and criteria for an appraisal are not required. Sufficient valuation analysis of the subject whole property and the part to be acquired must be performed to make the determination of minor impact. They may be prepared individually or grouped with other parcels in a memorandum or spreadsheet format. No specific detail is required.
- The estimate must contain a statement that "based on a review of available data, appraisals are unnecessary because the valuation problem is not complex."
- Sales data, such as required in an appraisal, is not required; however, general information regarding sales of similar property should be in the project files. Reference may be made to sales data in other project files that is similar to subject project.
- If the estimate includes compensation for damages, the amount of damages must be specified.
- Farmland Preservation data must be provided when applicable. See instructions for BRW 742-1, Line 7 ([Exhibit 2.02-2B](#)) for required information.
- It is not necessary to meet with the owner(s) or enter the property for the purpose of preparing this type of estimate.
- The estimator should normally be an appraiser, qualified for the degree of difficulty of the assignment.

- The estimator may make the offer to the owner(s) after the district engineer or a designated representative, who has final authority to determine the amount, approves the offering amount.
- In the event the offer is refused, the appraiser/estimator could immediately proceed with preparing an appraisal at the same call. However, a district may separate the estimate, offer and appraisal functions if they choose.
- The district engineer or his authorized representative may subsequently adjust the approved offering amount administratively when a reasonable settlement is obtainable. A notation should be made in the files that the revised amount was approved.
- Waiver of appraisals should not be used as a basis to give valuation testimony in condemnation proceedings.

Valuation Finding (BRW 2063) - This format is intended for use on uncomplicated takings when the total compensation is not expected to exceed \$10,000.00. It may include non-complex cost to cure and nominal permanent damage to the remainder. Permanent damage to the remainder should not exceed \$5,000. Completion of the BRW 2063 appraisal form ([Exhibit 2.02-2E](#)) is the minimum requirements for this format. Instructions for completing this format are located in [Exhibit 2.02-F](#).

Abbreviated Format (BRW 229) - This format should be used when the appraisal problem is not complex as defined in [Section 2.01-5](#). There is no limit on the total compensation. The compensation may include non-complex cost to cure and permanent damage to the remainder. Permanent damage should not exceed \$10,000. Completion of all pages of the BRW 229 appraisal form ([Exhibit 2.02-2C](#)) is the minimum requirement for this format. Instructions for completing this format are located in [Exhibit 2.02-D](#). Making reference to specific sales can support values. It is not intended that a "direct comparison" be made. Sales data sheets, (BRW 742-19 of [Exhibit 2.02-2A](#),) should be available for sales referred to. After-values are to be supported by a narrative explanation of the effect of the taking on the remainder property.

The appraisal must contain a brief description of the following:

- **The Neighborhood** - The neighborhood description can be given by reference to other parcels on the project or by including a brief description in the appraisal.
- **The Whole Property** - A brief description of the use and type of improvements must be given. A detailed description and listing are not required.
- **The Part Taken** - The description of the part taken shall be given by listing items included in the take and attaching a copy of the plat showing the part taken.
- **The Remainder** - The remainder description may be given by reference to the description of the whole property before the taking when the remainder is essentially the same except for the part taken. An explanation of the items of minor damage as required above will describe any changes on the remainder as compared to the before description. If there are no damages to the remainder, the appraiser should so state, which will indicate that the remainder description is essentially the same as the before description. Any substantial change of the remainder caused by the taking would involve a more complex appraisal problem and the procedures below should be followed.

Detailed Appraisal Format (BRW 742). This format is intended for use on complex appraisal problems as defined in [Section 2.01-5](#). Completion of the applicable pages of the BRW 742 appraisal form ([Exhibit 2.02-2A](#)) is the minimum requirement for this format. Instructions for completing this format are located in [Exhibit 2.02-2B](#). In addition to the appraisal requirements in [Section 2.02-1](#), the minimum criteria for a detailed appraisal are:

- A stated purpose of the appraisal
- A stated intended use of the appraisal
- A description of the scope of work
- A definition of the estate being appraised
- A statement of the assumptions and limiting conditions affecting the analyses, opinions, and conclusions in the appraisal - Typical assumptions and limiting conditions can be grouped together. Extraordinary assumptions are defined in USPAP as assumptions, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. This type of assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if the following are met.
 - It is required to properly develop credible opinions and conclusions.
 - The appraiser has a reasonable basis for the extraordinary assumption
 - Use of the extraordinary assumption results in a credible analysis.
 - The assumption is disclosed in conjunction with each affected opinion or conclusion.
- An adequate description of the physical characteristics of the property being appraised - In case of a partial acquisition, an adequate description of the remaining property is required.
- A statement of the known and observed encumbrances
- A highest and best use analysis of the property being appraised and any remaining property after the acquisition. The analysis must include consideration of any easements, leases or other title encumbrances. If the present use is not the highest and best use, the basis for deciding that the property is legally and economically available and adaptable for a use other than the present use and that there is a demand must be shown.
- A five-year sales history of the property
- Under 49-CFR 24.103 (a) (3), the department can make appraisal assignments for the sales comparison approach only. This type of appraisal assignment should be based on the type of property being appraised and the availability of sufficient market sales data that reliably supports the fair market value. When the sales used in the sales comparison approach require large individual or overall adjustments, the cost and income approaches may be included in the appraisal if the approach is applicable. The cost approach is applicable if the property is improved with newer improvements. The income approach is applicable if the property is subject to a valid arm's-length lease. As

a general rule, the cost and income approaches are used as a check on the sales comparison approach, but the appraiser should not rely on either one exclusively. An explanation for not using the other approaches is not necessary. The appraiser should inform the district when it is necessary to use other than the sales comparison approach. Only in very unusual situations should the cost and income approaches be developed in lieu of the sales comparison approach. When this happens, the lack of a sales comparison approach shall be thoroughly explained.

- When improvements are affected by the acquisition, a detailed description and valuation of the improvements are required.

2.02-3 NUMBER OF APPRAISALS

Except for donations, as explained in [Section 2.01](#), at least one appraisal is required for all parcels. Generally, staff appraisers will prepare valuations of minor acquisitions; however, fee appraisers may be assigned these minor acquisitions when they are included with the assignment of other parcels on the project or when staff appraisers are not available. At least two appraisals or opinions of value are normally obtained on parcels in contested condemnation cases.

When the appraisal problem is complex as defined in [Section 2.01-5](#), an additional appraisal may be obtained. When two appraisals have been obtained and there is a wide divergence in the appraisals or if the reviewing appraiser feels the compensation is substantially outside the range of appraisals received, additional appraisals may be obtained with concurrence from the Central Bureau Land Acquisition Engineer. Concurrence shall be received before they are requested from the appraiser. This concurrence may be verbal, but a memorandum must be in the district files.

When condemnation is imminent, up to two additional appraisals may be obtained. Condemnation will be considered imminent when there has been no answer within the allotted time to the "Final Offer" letter or when the final offer has been refused. It is recommended that any additional appraisers or valuation witnesses be retained before the condemnation petition is filed in order that they can view the property on that date.

The above does not apply to opinions of value for court testimony, which may be obtained by either the district engineer or the SAAG. When the opinions of value are obtained by the district, the files should be documented to show that these were obtained for court testimony rather than for negotiating purposes and payment for the fees should be coded as a court cost rather than appraisal fees.

2.02-4 COMPARABLE SALES

It is essential that all the current sales within the project area be known. All of the appraisers to whom assignments are given and the reviewing appraiser should have knowledge of these sales. The district may choose to gather this data, especially on larger projects or for condemnation cases, which could involve large awards, and make it available to all appraisers who have assignments. (This does not relieve the appraiser from the responsibility of checking for additional sales.) This can be accomplished by the use of local abstracters, local realtors, appraisers, etc. Payment can be made for this service.

The information required on all sales must, as a minimum, include all of the data shown on BRW 742-19 ([Exhibit 2.02-2A](#)) as well as any other data pertinent to the analysis and evaluation of the sale. Allocation of the sale price to land and improvements is optional. Photographs are required on all sales and must include all principal above ground improvements or unusual features affecting the value of the sale, and these must be attached to the comparable sale form.

Verification of the sale price and other factual data concerning the sale and property may be accepted from others who have verified such data. Factual details include such items as sale price, date of sale, grantee and grantor, property identification, size, number of rooms, access, income data, and financing of the sale. Each appraiser must, however, inspect the sale property. If condemnation is necessary, all witnesses should personally verify the sales with a party involved in the transaction.

When the appraisers and reviewers are unable to verify the pertinent facts of sales and this information is crucial to the appraisal, the district should contact the SAAG assigned to the project for an opinion regarding use of the sales. The SAAG may also be able to take action not available to the appraiser to obtain the pertinent facts of the sale. This procedure could also be helpful with sales data, which involves contracts or trades. These efforts should help ensure the appraisers have acceptable sales data to support their valuations, and that such sales data will be admissible in future proceedings.

It will be acceptable for the appraiser to either attach the comparable sales to the appraisal report or to have them bound in a comparable sales booklet. When several parcels are assigned, the latter method is preferred. If this is done, the sales should be numbered, and the number of the sale referred to by the appraiser when the direct comparison method is used in the sales comparison approach. The sales in the booklet should be plotted and numbered on a map, and the map should be made a part of the booklet.

2.02-5 AFTER VALUES AND DAMAGES

The amount of damage or benefit is determined by subtracting the "Value of the Remainder After Taking" from the "Value of the Remainder Before Taking." The valuation of the remainder after the taking involves the same valuation process used to determine the value of the whole property. After the highest and best use has been determined, the appraiser must make every effort to obtain sales to support the valuation of the remainder after the taking. Sales used to support the value of the whole before the acquisition can be used to value the remainder if they are the most comparable to the remainder. The appraiser should make a diligent search for the best after value sales available. Land Economic Studies can be taken into consideration when making adjustments to the sales used to determine the value of the remainder.

Analysis of cost to cure may be included in estimating the market value of the remainder. The remainder property is appraised in its uncured condition. Cost to cure should not exceed what damages would be if cost to cure were not applied. Cost to cure should be considered in terms of how the market reacts to a property in need of repair or other corrective action.

When the appraiser determines that the remainder will not be damaged or benefited, a thorough explanation of this finding, along with an estimate of the after value as explained in the instructions for BRW 742-15 ([Exhibit 2.02-2A](#)), will be sufficient to meet requirements for an after value for the BRW 742 appraisal format. A summary explanation in BRW 229-3 will be sufficient for the BRW 229 appraisal format.

2.02-6 BENEFITS

Illinois is not a true "before and after" state because the property owner must always receive compensation for the part taken. Special benefits may be used to offset damages to the remainder. These type of benefits can be considered if they are real and substantial, capable of measurement and computation and not conjectural or speculative. General benefits cannot be used to offset damages to the remainder. For more information on benefits, see ILLINOIS EMINENT DOMAIN PRACTICE (1992 Supplement) presented by the ILLINOIS INSTITUTE FOR CONTINUING LEGAL EDUCATION and the ILLINOIS ATTORNEY GENERAL'S

CONDEMNATION MANUAL (2000). If legal advice is needed, the district should contact the Office of Chief Counsel for direction.

2.02-7 SPECIALTY SUPPLEMENTAL ESTIMATES OF COST/VALUE

When the appraisal problem involves the valuation of machinery, equipment and other specialty items, the services of a specialty appraiser may be required to aid in estimating the contributory value of these items. The minimum requirements for specialty reports are as stated in the instructions for preparation of these reports ([Exhibit 2.02-7](#)).

The appraiser of the real property must review the contents of the specialty report to determine that no duplications of items have been included in the report. Normally, the conclusions of the specialty appraiser represent the contributory value of the specialty items, but it is the appraiser's responsibility to analyze and consider the enhancement, if any, to the whole property and incorporate the contributory value into the whole property.

Valuations of coal, oil, sand, gravel and effects of contamination are often highly technical and are obtained from persons or companies active in these fields. Opinions of value received from these experts are not reduced to a form or check off appraisal; however, the reports must contain data to support the conclusions presented.

Cost and cost to cure estimates are estimates of cost that are not otherwise available to the appraiser. They are usually obtained from persons or companies that are involved in the related business. Since these estimates are used only as a source of cost by the appraiser, and are incorporated into the analysis and conclusion of value in the appraisal report, they are not required to meet the requirements of the "Specialty Report." When the estimate is for the cost of items that are a part of the property, these estimates are not arbitrarily added to the value of the property. The appraiser shall incorporate the estimate into the report, giving consideration to its contribution to the value of the whole property. The important difference between specialty reports and cost estimates is that the specialty reports contain value conclusions whereas the cost estimate is simply an estimate of cost.

Supplemental estimates are normally obtained by the district engineer; however, in appropriate instances, the fee appraiser responsible for the appraisal of the whole property may employ the specialist. When the specialist estimate is of a complex nature, the appraiser should obtain approval from the district engineer before employing the specialist. Uncomplicated estimates can be obtained by the appraiser without approval when the cost is not paid separately by the department. Any estimate that would require compensation in addition to the fee quoted in the proposal must have prior approval from the district engineer.

Two estimates may be obtained when the estimate is of a complex nature. If more than two estimates are required for reasons such as divergence, prior concurrence shall be received from CBLA.

The estimates obtained by the division must be reviewed in accordance with the procedures described in [Section 2.03-7](#). Each accepted estimate shall be made available to appraisers for consideration.

2.02-8 PROBABILITY OF REZONING - HIGHEST AND BEST USE

Appraisers must justify conclusions of rezoning and highest and best use that differ from present zoning or use by providing thorough explanations of factors they considered. Following are some of the factors that may be considered when making decisions regarding rezoning and highest and best use.

- Physical characteristics of subject property
- Available utilities to serve the proposed use, including cost of providing utilities
- Location of subject property
- Change of actual uses in the area
- Growth patterns in the area
- Demand for certain uses in the area
- Sales of similar properties at prices reflecting anticipated rezoning
- Age of the zoning ordinance
- Provisional nature of subject property's zoning classification
- Rezoning of nearby properties to show the flexibility of the zoning ordinance
- Comprehensive and master plans
- Ordinances or deed restrictions affecting the property
- Prior decisions by municipality to approve or disapprove applications to rezone property
- Length of time property has been zoned

These issues are discussed in *ADVANCED ISSUES IN ILLINOIS EMINENT DOMAIN PRACTICE* (1990) as presented by THE ILLINOIS INSTITUTE FOR CONTINUING LEGAL EDUCATION.

2.02-9

ACCESS RIGHTS

The question of what is considered to be "reasonable" access is often a problem, and each case must be considered on its own merits. See [Section 4.07](#) for additional information on the acquisition of access rights. In all cases where there are questions concerning access rights, the appraiser should ask the district office to obtain legal advice.

If the acquisition of access rights is expected to exceed \$5,000 and the appraisal is assigned to a fee appraiser, the appraiser shall be state certified if there is federal funding in any phase of the project and should be state certified on all other projects. See [Section 2.01-5](#) for limitations on the types of properties a state certified residential real estate appraiser could appraise.

2.02-10 TENANT-OWNED IMPROVEMENTS AND PERSONAL PROPERTY

Tenant-owned improvements are defined as buildings, structures or other improvements that would be considered to be real estate if owned by the owner of the real property on which they are located. Except for appraisal waivers, it is the responsibility of the appraiser to determine the presence of tenant-owned improvements on the subject property affected by the acquisition. The appraiser must offer the tenant-owner, if known, an opportunity to accompany the appraiser during the inspection of the property if the tenant-owned improvements will be affected by the acquisition. The appraiser shall identify any affected tenant-owned improvements in the appraisal. Appraisals shall not contain separate allocations of the value of

tenant-owned improvements located upon real property to be acquired. The “unit rule” requires the value of improved property be considered as a “whole” property, without assignment of separate values for the land and individual improvements. If the record owner signs an affidavit disclaiming all interest ([Exhibit 3.01-4B](#)) in the tenant-owned improvements to be acquired or relocated, the reviewing appraiser will be requested to provide a listing of the tenant-owned improvements affected and a reasonable allocation. When the reviewing appraiser is unable to provide the listing and allocation, the appraiser who prepared the appraisal will be contacted in writing and requested to provide the listing and allocation in writing. This is for the purpose of negotiations only and satisfying federal requirements. It is important that any correspondence between the department and an appraiser clearly state that the listing and allocation are requested for negotiations only. The allocation should not be attached to the appraisal. It should be kept in the acquisition file. When an allocation is required, the allocated value of tenant-owned improvements is the amount, which the improvements contribute to the fair market value of the whole property, or the fair market value of such buildings, structures or improvements for removal from the real property, whichever is the greater. The allocation to the landowner and tenant or tenants should not exceed the value of the total part taken as part of the whole. Damages to tenant-owned improvements also require allocations if the owner signs an affidavit.

Salvage value is the probable sale price of improvements, components or scrap, if offered for sale on the condition that such items will be removed from the property at the buyer’s expense, allowing a reasonable period of time to find a person buying with knowledge of the uses and purposes for which it is adaptable and capable of being used, including separate use of serviceable components and scrap when there is no reasonable prospect of sale except on that basis. Demolition costs for all affected tenant-owned improvements remaining on the site after the sale of portions of such improvements would also be considered. Value for removal is the salvage value of improvements, components or scrap.

Salvage value avoids valuing the part taken (land owner and tenant interests) in excess of "the fair market value of the part taken as a part of the whole before the taking," which is required by Illinois law. The value of the whole property should include salvage value, if any. In the market value concept, when improvements do not represent the highest and best use of the land, salvage of existing improvements contribute to the value of the whole property to the extent the value of salvageable items exceeds demolition costs.

Personal Property - It is necessary to identify items of real and personal property to prevent duplication of paying to move items under relocation payments that have been included as acquired in the valuation process. It is recommended that districts proceed on the following basis to make necessary determinations.

- If lead-time permits, the reviewing appraiser and relocation manager should inspect properties prior to appraisal assignments and compile lists of items to be considered as real and personal property. These lists should be provided to appraisers at the time of assignment.
- If lead-time is not sufficient, the reviewing appraiser and relocation manager should inspect properties together after appraisals are received and jointly compile lists of personal property. Items of personal property that have been included in appraisals as realty must be deleted, either by a revision from the appraiser or by a reviewing appraiser's documentation.

Lists of personal property should be attached to review certifications. Legal advice from the Office of Chief Counsel should be obtained for all questionable items of real or personal property.

Signs located on right of way to be acquired are either on-premise or off-premise signs and are classified as personal property. **On-premise signs**, are defined as signs that advertise a business located on the property where the sign is located. Although considered personal property, on-premise signs can be considered in the appraisal process or handled under the department's relocation program. Except for legal non-conforming (red tag) signs, **off-premise signs** will be handled under the department's relocation program. There could be exceptions to the above that may warrant the district's consultation with the Central Bureau of Land Acquisition. **Legal non-conforming (red tag) signs** cannot be relocated. The district should attempt to acquire these signboards under the Highway Advertising Control Act of 1971 once it becomes apparent that the sign will have to be removed because of any future highway improvement. If the signboard cannot be acquired under the above program, the signboard will have to be acquired as part of the right of way acquisition and considered in the appraisal. The department cannot pay for illegal signs.

Legal sign sites may enhance the value of a property as a result of their desirability for this use. Appraisers should give consideration to a sign sites effect, if any, on the value of the whole property based on the property's highest and best use.

Valuation of On-Premise Signs

Most signs can be relocated to the remainder property. Except for very small signs, the appraiser shall include a sign relocation estimate in the appraisal. The estimate should be given consideration in arriving at the value of the subject property's remainder after the taking as affected by the acquisition. The cost to relocate a sign cannot exceed the loss in value that would result if such relocation was not undertaken. When the relocation is complex, such as an extreme modification of the sign or the relocation is very costly, the appraiser will provide an analysis in the appraisal as to whether the relocation cost is less than the loss in value that would result if the sign was not relocated. The contributory value of the sign(s) shall be included in the value of the whole property.

If a sign must be acquired, the appraiser will include the contributory value of the sign in the value of the whole property and the part to be acquired. Appraisals shall not contain separate values for the acquisition or relocation of these types of signs. Appraisers should request a copy of the sign lease for any sign affected by the acquisition. The lease should be included in the appraisal. If the sign is registered or permitted under the Highway Advertising Control Act of 1971, as amended, a copy of the registration or permit should be included in the appraisal. If the sign owner desires to retain and remove the sign, the owner may do so for the "owner retention value." The retention value will be determined by the district property manager as explained in [Section 5.02-3](#) of the LAPP. If the record owner signs an affidavit disclaiming all interest in the sign(s), the reviewer or appraiser will be requested to provide a reasonable allocation of the total compensation due the tenant-owner. This is for negotiation purposes only. See [Section 2.02-10](#) for additional information. If condemnation is necessary to acquire a parcel including signs, the SAAG assigned to the case should be consulted in regard to the method of valuing the sign owner's interest in the parcel.

Valuation of Signs Acquired Under the Highway Advertising Control Act of 1971, as Amended

The department's Sign Valuation Manual and forms will be used to value these types of signs. See the valuation manual for specific valuation requirements.

When in-ground nursery stock is located on the right of way to be acquired, the appraisal shall contain the number, and size of each specie. Nursery stock that has been removed from the ground and put up for sale will be considered personal property. There are several methods for valuing nursery stock; however, it is the consensus of most landscape architects that the wholesale "in-place" price is equitable to both the owner and the division. It is recommended that the assistance of the district landscape architect be obtained in identifying, valuing, and reviewing the value of all nursery stock to be acquired. Also see [Section 5.02-2](#) and [Exhibit 5.02-2.C](#) for additional information and the procedures to be followed in disposing of nursery stock acquired.

605 ILCS 5/4-501 authorizes the acquisition of remainders under certain conditions. (See [Sections 2.03-11 and 4.16](#)). When the department determines it should acquire the remainder as an uneconomic remainder (See [Section 2.03-11 for definition](#)), the review appraiser will prepare a file memorandum, with assistance from the original appraiser, that will document an allocation of the contributory value of the remainder acquired that is not needed for the construction of the project. It is the negotiator's responsibility to notify the District Property Manager of such an uneconomic remnant/remainder acquisition so this information can be incorporated into the department's NORWAY inventory, if required. (See [Section 5.09-1](#)). This allocated value is included in the NORWAY inventory for historical purposes and does not necessarily represent market value. It is for internal documentation purposes only.

- ILCS 5/4-508 requires excess land be disposed of for no less than its fair appraised (market) value. The minimum fair market value of an excess land parcel is \$300. The release of easements or access rights to the original donor(s) or heirs of said donor(s) do not require appraisals since no payment is required. Appraisals are required on all other property to be disposed of regardless of whether it is to a former owner, public sale, exchange or release through the legislative process and whether or not it is a fee ownership, an easement or for restoration of access rights (See [Section 5.09](#)).
- Waiver of appraisal estimates are not considered appraisals so they cannot be used to value disposals.
- The minimum requirements for these appraisals shall be the same as for property to be acquired.
- There may be instances when the property to be disposed of has been recently acquired. In these instances, it will be permissible for the district reviewing appraiser, who reviewed the appraisals for the acquisition of the property, to write a documentation based on the original review in support of the value of the excess land. When this is done, it will not be necessary to obtain a separate appraisal on the excess land. The time between the original review and the documentation should not exceed six months in an active real estate market and one year otherwise.
- Two appraisals may be obtained when a complicated problem is involved or when requested by CBLA.
- Appraisals must be approved by a district reviewing appraiser and the district engineer.
- All valuations of property to be disposed of will be reviewed by the Central Bureau of Land Acquisition prior to finalizing the agreement with the prospective owner for the exchange, sale or release of property or rights.

- If an excess land parcel was acquired with federal funds, a fee appraiser, if used, must be certified when the appraisal problem is complex and requires a detailed appraisal. If a principal building is located on the excess land or when a staff reviewing appraiser determines that the appraisal problem is complex, a detailed appraisal will be required. See [Section 2.01-5](#) for limitations on the types of properties a state certified residential real estate appraiser could appraise.

Determining Highest and Best Use

All appraisals shall be based on the highest and best use of the excess land. The property may have the highest and best as a “stand-alone” parcel or assemblage to an adjoining property. In determining the highest and best use, the appraiser shall take into consideration whether the use is physically possible, legally permissible, financially feasible, and the most profitable. If both uses are possible, the use that will provide the greatest net return to the department will be used by the appraiser.

Valuation of Stand-Alone Parcels

If the excess land is owned in fee by the department and the highest and best use is a “stand-alone” parcel, the appraiser will use comparable sales to determine the fee value of the parcel.

Valuation of Assemblage Parcels

If the excess land is owned in fee by the department and the highest and best use is assemblage with an adjoining property, the appraiser will have to determine if the value of the excess land has been enhanced by the assemblage. Enhancement is created when adjoining parcels have a greater unit value assembled than they do separately. If there is no enhancement, the excess land should be appraised using values of similar adjacent property. If there is enhancement, the excess land parcel should be valued at the enhanced unit value. When there are multiple adjoining owners and the excess land will be sold at public auction or by sealed bid, the excess land should be appraised as unenhanced. Assemblage costs can be considered by the appraiser, but have to be thoroughly explained and documented in the appraisal.

Valuation of Dedicated Land

When the department is releasing a dedication of right of way for highway purposes, the appraiser will first determine the fee value of the dedicated land by using comparable sales of similar types of property rather than using the fee value of the abutting property. If the abutting property has sold within the past five years and is comparable to the dedicated, it should be considered by the appraiser. For example, if the land to be released is tillable and can be farmed in conjunction with the abutting land, the fee value should be based on sales of tillable land in the area. A factor has been added to the percentages in [Exhibit 2.02-13](#) to cover the fact that reshaped land may not be as productive as other tillable land. Land that has had the pavement removed and has been reshaped will be considered as tillable unless it has been overgrown with trees or other heavy growth or unless the abutting land is not tillable, such as permanent pasture or woodland. In these cases, sales of similar pasture or woodland will be used to establish the fee value. The size and shape of the dedicated land shall be disregarded by the appraiser.

After the fee value for the dedicated land has been established, the appraiser shall apply the appropriate percentage from [Exhibit 2.02-13](#) under LAND TO BE RELEASED except for where the adjoining property is developed or the pavement remains in place. The listed percentages cannot be adjusted. Adjustments for the effect of use potential on market value when the

adjoining land is developed (residential, commercial, and industrial properties) and pavement remains in place (agricultural property) should be considered by the appraiser. Explanations of adjustments should lead to an understanding of why adjustments are warranted, and how the fee value is affected.

Valuation of Dedicated Land and Access Rights

When access rights are released along with the dedicated land, the appraiser will value the dedicated land as stated above and apply the appropriate percentage from [Exhibit 2.02-13](#) under EASEMENT AND ACCESS RIGHTS TO BE RELEASED. The percentage will be based on the highest and best use of the abutting land after the release of the access rights and cannot be adjusted. A before and after appraisal on the abutting property is required if the access rights are needed to develop the property. If the access rights are not needed to develop the abutting property, the access rights would only have a nominal value and a before and after appraisal is not required, but should be addressed in the appraisal. The values of the dedicated land and the access rights are added together to determine the total amount for the release of dedicated land and access rights. If the value of the access rights is expected to exceed \$5,000, the appraisal is considered complex and the BRW 742 appraisal format will be used.

Valuation of Access Rights Only

When only access rights will be released, the appraiser will value the property to which the access rights to the highway are being restored before and after the release of the access rights. The difference will be the amount to be received for the release. If the difference is expected to exceed \$5,000, the appraisal is considered complex and the BRW 742 appraisal format will be used.

Valuation of Easements

When a permanent easement is released, the appraiser will value the property to which the easement will be restored before and after the release of the easement. The difference will be the amount to be received for the release of the easement. If the difference is expected to exceed \$5,000, the appraisal is considered complex and the BRW 742 appraisal format will be used.

2.02-14 INFLUENCE OF PROPOSED IMPROVEMENT ON VALUE

Any decrease or increase in the fair market value of real property prior to the date of valuation caused by the proposed public improvement for which such property is acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within the reasonable control of the owner, will be disregarded in determining the value of the property before taking. Any decrease or increase in value caused by the acquisition of a part of the property, however, must be considered in estimating the value of the remainder after taking.

2.02-15 COMPENSATION FOR ACQUIRING RAILROAD AND UTILITY OPERATING RIGHT OF WAY

With few exceptions, operating property is that property used in the operation of a railroad or a utility line. For railroads, it would include mainlines, branch lines and yards. It would also include depots, control towers, siding, substations and other facilities presently being used in the operation of a railroad or a utility line.

It would not include spur tracks and sidings into places of business regardless of who owns the land and trackage. It would also not include hookups from a utility line to a home or place of

business. These are necessary for the operation of the home or business rather than the operation of a railroad or a utility line.

- Compensation for Acquiring Operating Property From a Utility Company Other Than a Railroad
 - **Land Owned in Fee** - When a utility company owns the fee title to its operating right of way, the division will compensate the utility company for the right of way needed on the basis of an appraisal. There is a minimum payment of \$300 as in [Section 2.02-1](#).
 - **Land Owned as an Easement** - If a utility company has only an easement for its operating right of way and can continue to operate its facilities either in, above, below, or adjacent to the highway use, there will be no compensation paid to cross or longitudinally utilize any part of the right of way.
 - **Work of a Temporary Nature** - Permission to do work of a temporary nature on utility operating right of way, will be included in the utility agreement handled by the Bureau of Design and Environment. When there is no utility agreement to be handled by the Bureau of Design and Environment, permission to do work of a temporary nature on the utility's operating property will be obtained by district land acquisition and a minimum payment of \$300 will be paid for each temporary easement.
 - **Additional Compensation** - Adjustments to existing utility facilities located in the area involved and the reimbursement to the utility companies for any reimbursable costs are the responsibility of the Bureau of Design and Environment. There may be cases, however, when a proposed highway improvement will take part of unimproved or improved operating right of way of a utility company for which the company is preparing detailed plans or has plans completed for the construction of additional or expansion of existing operating facilities.

The following procedures I apply when acquisition from a utility company will result in additional construction costs to the company for planned future facilities and will apply whether the utility company owns the fee or has an easement.

- As soon as it can be determined that the highway improvement will interfere with such planned facilities, pertinent information should be obtained from the utility company, be reviewed by the district engineer and forwarded to the Central Bureau Engineer of Land Acquisition with a finding by the district that such proposed construction is imminent and not speculative. This should include a certification by the utility company outlining in detail the planned facilities together with evidence to show the construction thereof follows some tangible planning scheme and is in accordance with good engineering practices. This data will be reviewed by the Central Bureau Engineers of Design and Environment, and Land Acquisition. If it is concurred that the proposed construction is imminent and not speculative, the district engineer will be informed to request the utility company to furnish the following in order to establish the amount of compensation.
 - An estimate of the cost to construct the proposed facility or expansion as planned through the proposed right of way
 - An estimate of the cost to construct the proposed facility or expansion made necessary by the acquisition of the proposed right of way for the improvement- (This would include salvage but not betterments or increased maintenance costs.)

- The difference in cost between these two estimates
 - When the necessary estimates have been obtained, they should be reviewed by the district engineer and forwarded with the district engineer's recommendations to CBLA. At this time, the district engineer should also recommend whether or not to retain a consulting engineering firm to independently furnish substantially the same information.
 - CBLA will obtain the concurrence of the Engineer of Design and Environment to the estimates and recommendations and return the estimates, along with any suggestions to the district engineer, who will then proceed to obtain the necessary rights or interests required for the highway project from the utility company.
- Compensation for Acquiring Operating Property From a Railroad
 - **Land Owned in Fee** - When a railroad company owns the fee title to its operating right of way, the division will compensate the railroad company for the right of way needed on the basis of an appraisal. A minimum payment of \$300 applies as in [Section 2.02-1](#). No compensation of any kind shall be made for the acquisition of such right of way to construct a grade separation facility where an existing highway grade crossing is eliminated.
 - **Land Owned as an Easement** - If a railroad company only has an easement for its operating right of way and can continue to operate its facilities either in, above, below or adjacent to the highway use, there will be no compensation paid to cross or longitudinally utilize any part of the right of way.
 - **Processing Fee** - If a railroad demands a fee to process the documents covering the permanent acquisition, the fee should be handled by district land acquisition as a right of way incidental cost. When the fee does not exceed \$1,000, justification of the amount will not be required. If the fee exceeds \$1,000, payment will be made after receipt from the railroad of the executed document and an invoice with all expenses itemized. Such invoices shall be prepared to meet the criteria established by the Bureau of Design and Environment for engineering force account work.
 - **Work of a Temporary Nature** - Permission to do work of a temporary nature on railroad operating right of way will be included in the railroad agreement handled by the Bureau of Design and Environment. If the railroad demands a fee for processing, it must submit an invoice covering all its costs. This would be processed with the costs submitted by its engineering department for handling by the Bureau of Design and Environment in the agreement as an engineering cost.

When there is no railroad agreement to be handled by the Bureau of Design and Environment, permission to do work of a temporary nature on the railroad's operating property will be obtained by the district land acquisition and a minimum payment of \$300 will be paid for each temporary easement. If the railroad demands a fee for processing, it must submit an invoice covering all its cost to district land acquisition for handling as a right-of-way incidental cost after receipt of the document.

All invoices for processing fees, if any, shall be prepared to meet the criteria established by the Bureau of Design and Environment for engineering force account work.

- **Additional Compensation** - It is the policy of the division to provide in its construction plans for the accommodation of any justified future expansion of railroad facilities. This eliminates any need for consideration of additional construction costs in the right-of-way payment.
- **Rights or Interests to be Acquired** - The railroad or other utility company will be expected to execute the necessary documents to cover the rights or interests required for the highway project in accordance with the standards set forth in [Section 4.06](#). [Section 4.30-1](#) sets forth the procedure to be utilized in the event condemnation is necessary.

2.02-16

TEMPORARY USE PERMITS

The term "Temporary Use Permit" is used to describe a license, which with respect to real property is a permission given to the division to do a particular act or series of acts on the land of another person without possessing any estate or interest in the land. Permits are revocable at will by the owner. Examples are permits for sloping lawns, extending back slopes beyond the proposed highway right-of-way lines or reconstruction of driveways. The land will normally be restored to its original shape and condition, unless a new shape is more beneficial to the property or the owner agrees to a different treatment.

Temporary use permits are intended for situations where the area is not needed for construction of the highway improvement and are generally beneficial to the property. Compensation for use of the land is not intended.

When there are damages from the work to be done in the temporary use permit area, an appraisal as well as the normal appraisal review and approval will be made. If, however, the work to be done in the area does not damage the property, a qualified person will view the properties affected and prepare a memorandum or letter expressing opinion that certain parcels will not be damaged and appraisals are not necessary. This is to be done on a parcel-by-parcel basis, but the memorandum may include more than one parcel. (If there is also a permanent taking, the appraiser should include such opinion regarding the temporary use permit in the appraisal.) Such memorandum or letter must be approved by the district engineer prior to negotiations for the permits.

If only a temporary use permit is needed from the property owner, it will not be necessary to offer the owner or representative the opportunity to accompany the appraiser on the inspection of the property, nor will it be necessary to furnish the owner with a "Summary of Right of Way Acquisition" ([Exhibit 3.0I-3A](#)). The consideration shown on the permit will satisfy the requirement for a written offer.

Administrative settlements may be utilized for permits in the same manner as for acquisitions. If negotiations are unsuccessful, delete the parcel from the plans and LAS.

2.02-17

APPROACHES TO VALUE

Under 49-CFR 24.103 (a) (3), the department can make appraisal assignments for the sales comparison approach only. This type of appraisal assignment should be based on the type of property being appraised and the availability of sufficient market sales data that reliably supports the fair market value. When the sales used in the sales comparison approach require large individual or overall adjustments, the cost and income approaches may be included in the appraisal if the approach is applicable. The cost approach is applicable if the property is improved with newer improvements and the highest and best use is as improved. The income approach is applicable if the property is subject to a valid arm's-length lease. As a general rule, the cost and income approaches are used as a check on the sales comparison approach, but the

appraiser cannot rely on either one exclusively. Special use property does not have to be valued by the sales comparison approach. Based on the nature and use of the property, a market does not exist for this type of property. The appraiser must notify the district if a property has a special use. If the district is unsure whether the property is special use, the Office of Chief Counsel should be contacted for direction.

2.02-18

UNIT RULE

All appraisals involving the acquisition of right of way must comply with the “unit rule.” The “unit rule” requires the appraiser to value a property as a whole property (fee simple) rather than by the sum of values of the various interests which it may have been carved, and not value the different property components separately and add them together to determine the value of the whole property, the value of the part taken, and the value of the remainder. The property components should only be considered in the light of how they enhance or diminish the above values. The part taken has to be valued as part of the whole property and not a separate tract unrelated to the whole property. Improvements included in the part taken have to be valued as part of the part taken and not separately.

2.02-19

VALUATION OF CONTAMINATED PROPERTY

The appraiser will note any contamination in the appraisal and appraise the property clean under the following circumstances:

- The project is “risk-managed” and a Preliminary Site Investigation (PSI) was not conducted since the levels of contamination or amount of soil management is insignificant compared to the value of information gained from performing a PSI.
- The PSI does not contain any remediation costs since the property is not contaminated with regulated substances in excess of allowable limits for Tier 1 residential.
- A No Further Remediation (NFR) letter has been issued by the Illinois Environmental Protection Agency (IEPA) and the part to be acquired appears to be in compliance with the NFR letter after a visual inspection by a staff or fee appraiser. The appraiser will take into consideration any limitations on the use of the property contained in the NFR letter. The NFR letter is usually recorded in the chain of title.
- IEPA has inspected and determined the property is in compliance with the NFR letter. When the staff or fee appraiser inspection indicates the area is not in compliance, district land acquisition shall contact the Bureau of Design’s Geologic and Waste Assessment Unit and request an IEPA inspection.

The district will furnish the appraiser a copy of the PSI and the appraiser will take into consideration remediation costs under the following circumstances:

- The PSI indicates the property is contaminated with regulated substances in excess of the allowable limits for Tier 1 residential. If the IEPA file contains assessment and/or remediation data, but the NFR letter has not yet been obtained, the statewide consultant will evaluate the IEPA file and prepare separate remediation cost estimates based on the present land use level for the whole property and the part taken.
- If the IEPA file contains no assessment and/or remediation data at the time the PSI is prepared, district land acquisition will file a freedom of information request with IEPA before the appraisal is prepared. When there is assessment and/or remediation data in the IEPA file, a copy of the information will be forwarded to the Central Bureau of Land Acquisition. The Central Bureaus of Land Acquisition and Design and Environment will

review the material to determine if it is cost effective for the district to hire a professional engineer to prepare remediation estimates. If it is determined to be cost effective, the professional engineer would evaluate the information and provide a description and location of the contamination and separate estimates of remediation for the whole property and the part taken based on the property's present land use level. The professional engineer can be hired as a specialty appraiser. The information and costs are then given to the appraiser for consideration in the appraisal. If it is determined not to be cost effective to hire a professional engineer, the remediation cost for the part taken in the PSI and other pertinent information concerning the contamination will be provided to the appraiser. The appraiser will take the information into consideration in valuing the whole property and the part taken. The area of the property outside the part taken will be considered clean.

- When there is no assessment and /or remediation data in the IEPA file, the remediation cost for the part taken in the PSI and other pertinent information concerning the contamination will be provided to the appraiser. The appraiser will take this information into consideration in valuing the whole property and the part taken. The area of the property outside the part taken will be considered clean.

When the department's acquisition negatively impacts the property's conditional status, a professional engineer will prepare a cost estimate of placing the property back into conditional status. The estimate will be provided to the appraiser for consideration in determining the value of the remainder.

2.02-20 NONCOMPENSABLE ITEMS OF DAMAGE

Certain elements of damage that may adversely effect the market value of the remaining property are noncompensable under Illinois law. For information on noncompensable items of damage, see ILLINOIS EMINENT DOMAIN PRACTICE presented by the ILLINOIS INSTITUTE FOR CONTINUING LEGAL EDUCATION and the ILLINOIS ATTORNEY GENERAL'S CONDEMNATION MANUAL. If legal advice is needed, the district should contact the Office of Chief Counsel for direction.

2.03 APPRAISAL REVIEW IN THE DISTRICT

2.03-1 REVIEWING APPRAISER QUALIFICATIONS

STAFF REVIEW APPRAISERS - There shall be a sufficient number of qualified staff review appraisers in each district to accomplish the workload. Minimum requirements for staff review appraisers are:

- Attainment of at least the grade of Realty Specialist II with verified activities in real estate
- A minimum of two (2) years verified experience in the appraisal of real estate
- Attendance at, and a passing grade received on examination given in connection with each of the following four required basic courses, as presented and conducted by the Appraisal Institute or the equivalent thereof
 - Appraisal Principles (Course 110)
 - Appraisal Procedures (Course 120)
 - Basic Income Capitalization (Course 310)

- Standards of Professional Practice, Part A (Course 410)
Equivalent: Standards of Professional Practice (Course APP1) by the Real Estate Education Company
- Completion of a minimum of one year in service as a review appraiser-in-training subsequent to completion of requirements above
- Attendance at, and a passing grade received on examinations given in connection with three of the following elective courses or the equivalent thereof - These courses may be taken in any order as long as eligibility requirements of the course sponsor are satisfied.
 - Advanced Income Capitalization (Course 510)
 - Principles of Rural Appraising by the American Society of Farm Managers and Rural Appraisers (ASFMRA)
 - Residential Case Study (Course 210)
Equivalent: Single Family Residential Appraisal (Course APP III) by the Real Estate Education Company
 - Condemnation Appraising: Basic and Advanced (Courses 710 and 720)
 - The Appraisal of Partial Acquisition (Course 401) by the International Right of Way Association (IRWA)
 - Advanced Applications (Course 550)
 - Report Writing and Valuation Analysis (Course 540)
 - General Applications (Course 320)
 - Appraisal and Appraisal Review for Federal-Aid Highway Programs (NHI Course 14126) by the Federal Highway Administration
 - Eminent Domain Training for Attorneys and Appraisers (NHI Course 14136) by the Federal Highway Administration

The Appraisal Institute and other real estate appraisal organizations, universities, and colleges have previously offered and/or currently offer courses, which may be substituted for some of the above-mentioned courses. The determination of equivalency and approval to take an equivalent course in lieu of those set out above must be obtained from CBLA.

After satisfactory completion of requirements of the first three dot points above, the Central Bureau Engineer of Land Acquisition may approve and designate a candidate for the designation review appraiser as a review appraiser-in-training subject to certain conditions or requirements, as may be appropriate in each case.

After satisfactory completion of all requirements above, the Central Bureau Engineer of Land Acquisition may approve and designate a review appraiser-in-training as a review appraiser.

Review appraisers are expected to maintain an education program by attending real estate appraisal related courses and seminars on a regular basis and attend certain meetings and seminars conducted by the staff of the Central Bureau Engineer of Land Acquisition.

The reviewing appraisers may consider all pertinent value information that is available including appraisals obtained by the district, appraisals obtained by the property owner, their own data bank, independent estimates, etc. On the basis of additional value information, they may, and should, adjust their estimated value at any time prior to settlement. Any adjustments must be documented and supported.

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 such property is acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within the reasonable control of the owner, will be disregarded in determining the value of the property before taking. Any decrease or increase in value caused by the acquisition of a part of the property, however, must be considered in estimating the value of the remainder after taking.

The reviewing appraiser shall examine all appraisal reports to determine that they:

- Are completed in accordance with state policies and procedures and also meet the minimum appraisal requirements.
- Follow accepted principles and techniques in the evaluation of real estate in accordance with existing state law.
- Contain all the information and documentation necessary to support the conclusions and estimates of value.
- Include consideration of everything taken, all compensable items of damage and all benefits but do not include compensation for items non-compensable under state law.
- Are consistent with the appraisals on other similar parcels in the value and damages to the remainder.

All specialty supplemental estimates obtained by a district should be reviewed by a reviewing appraiser before distribution to the appraisers. The review should include a field inspection of the property and a determination that the estimate has been prepared in conformance with the division's requirements. The specialty appraiser is normally an expert in the area of items, which are compensable as realty, but the reviewer must check the report for concurrence that all items, which are compensable are included, and that the report does not include items, which are not compensable under Illinois law.

An exception to the requirements given in [Section 2.02-7](#) is permitted when a reviewing appraiser is knowledgeable in both disciplines. The reviewer may review and incorporate into a final estimate of just compensation the separate reports on the real property and the specialty items.

When a fee appraiser has retained a specialist and incorporated the specialist's report in the appraisal report, the review of the combined report will be in accordance with normal review procedures.

Where an appraisal represents market value and it is properly supported, the reviewing appraiser may approve the appraisal. If the reviewer does not agree with values in any of the appraisal received, an additional appraisal may be requested, or an estimate of value may be prepared by the reviewer. If the reviewer chooses to prepare an estimate of value, data or properly supported values in appraisals reviewed may be referred to by the reviewer to support the estimate of value. The reviewer's independent data and properly supported valuation analysis should also be included when necessary to support the approved estimate of value.

The reviewing appraiser must add documentation when not in agreement with any of the values in the appraisals received, or when there is a wide divergence in the appraisals received, and one of the appraisals is approved. Regardless of the number of appraisals obtained on a parcel, the approved compensation must be supported by either an approved appraisal, or appraisal plus reviewer's documentation.

When preparing an estimate of value, the reviewer should have at least one acceptable appraisal when only one is required and two acceptable appraisals when two are obtained. Refer to [Section 2.02-3](#) regarding number of appraisals required. A properly supported appraisal review documentation will qualify as an acceptable appraisal when the reviewer does not accept values and or documentation in appraisals received. An appraisal, which meets minimum requirements, but does not agree with the reviewer's opinion of value, also qualifies as an acceptable appraisal.

All unacceptable appraisals will have to be made acceptable by the appraiser. This should be done before the reviewer arrives at a conclusion of value or as soon as possible after completing the project assignment. Fees should not be paid until appraisals meet basic requirements of the assignment. If an appraiser is delinquent in correcting appraisals, CBLA may delay processing of invoices for payment of such appraisal fees even if the district has submitted them.

When it becomes necessary to acquire additional land from a parcel after the original right of way has been acquired, it will be acceptable for the reviewing appraiser to document the original review in order to estimate the value of the additional land required. This will be limited to a reasonable period of time after the original taking.

All appraisals have to meet division requirements as discussed above. Corrections should be requested from appraisers as necessary. Reviewing appraisers may supplement appraisal reports with corrections of math errors and by adding documentation in support of appraiser's findings. Reviewers may also supplement comparable sales data and appraisal reports when the following factual data have been omitted.

- Project and/or parcel number
- Owner and/or tenant's names
- Parties to transaction, date of purchase and deed book references on sale of subject property and comparable
- Statement that there were no sales of subject property in past five years
- Location, zoning or present use of subject property or comparable sales

Reviewing appraisers should initial and date corrections or additions to comparable sales data or appraisal reports.

Fee appraisers may receive additional compensation for revisions caused by changes in plans or changes in appraisal requirements, but will not receive additional compensation for corrections. Any time an appraiser changes the value or the "as of" date of the appraisal, a revised certificate (BRW 229-4, [Exhibit 2.02-2C](#) or BRW 742-18, [Exhibit 2.02-2A](#)) must be submitted along with revised appraisal documentation.

2.03-10 REVIEWER'S CERTIFICATION

Except for donations as explained in [Section 2.01](#) and waiver of appraisals, the reviewing appraiser must complete BRW 316 (Right of Way Appraisal Review Certification), [Exhibit 2.03-10](#), on all parcels showing the consideration regardless of whether it is the original or a supplemental review, and a copy must be attached to all appraisals reviewed.

The district engineer must approve all estimates of value made by a reviewing appraiser before offers are made to property owners. The district engineer signs the review certification when in agreement with the reviewing appraiser. An administrative documentation establishing the amount to be offered may be prepared when the district engineer does not agree with the reviewing appraiser.

When appraisals for state highway projects are obtained and reviewed by local public agencies, they shall be submitted to the district office where they will be reviewed by the district engineer, or a designated representative, prior to an offer being made. If the district engineer concurs, the local public agency will be advised, and the offer can then be made.

2.03-11 UNECONOMIC REMNANTS

The term "uneconomic remnant" 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 department has determined has little or no value or utility to the owner. Indicators of uneconomic remnants that require careful consideration by the reviewing appraiser are significant damages to the remainder, a change in highest and best use or a change in the intensity of the highest and best use, land-locking, or other significant impacts to the remainder property.

Reviewing appraisers should identify remainders they consider uneconomic in a review documentation, which should be attached to the Review Certification, or when practical they may identify uneconomic remnants by a note on the certification itself.

2.03-12 SUBMITTAL OF APPRAISALS TO CENTRAL OFFICE

Immediately upon approval by the district engineer, one copy of the following appraisals, including those obtained and reviewed by a local public agency for a state highway project shall be submitted to the Central Bureau of Land Acquisition. Two copies will be submitted if there is federal aid in the right of way. Offers may be made after these appraisals have been submitted.

All appraisals have to be properly certified by a qualified reviewing appraiser or administratively documented by the district engineer or a designated representative. Original copies of appraisals and review certifications are to be kept in the district or local agency files.

- Total compensation exceeds \$50,000.
- Total Compensation is under \$50,000 but damages excluding non-complex cost to cure exceed \$10,000.

- On local agency projects with federal-aid in the right of way, one copy of all approved appraisals shall be sent to CBLA for submittal to the FHWA when:
- Total compensation exceeds \$50,000.
- Total compensation is under \$50,000 but damages excluding non-complex cost to cure exceed \$10,000.

2.04 APPRAISAL REVIEW IN THE CENTRAL OFFICE

2.04-1 GENERAL

The selection of Central Office reviewing appraisers is made by the Central Bureau Engineer of Land Acquisition. For minimum requirements see [Section 2.03-1](#). All staff reviewing and fee reviewing appraisers must be approved by the Central Bureau Engineer of Land Acquisition.

2.04-2 RESPONSIBILITY

Central Office reviewing appraisers shall be responsible for the following:

- Reviewing appraisal reports, review documentation, and settlement reports received from the districts to see that they are in accordance with department policies and procedures. Appraisal reports, appraisal review documentations and settlement reports will be reviewed on a "spot check" basis.
- Representing the Central Bureau Engineer of Land Acquisition on "Plan in Hand" field inspections
- Giving assistance to the districts, when requested, in selection of appraisers, appraisal assignments, complex appraisal problems, training of appraisers, reviewing appraisals for fair market value, etc.
- Providing liaison between the districts, central bureaus, other state and federal agencies in appraisal or related matters
- Assisting the Central Bureau Engineer of Land Acquisition in the review and establishment of appraisal policies and procedures
- Reviewing district right-of-way appraisal and review operations for compliance with policies and procedures
- Providing replies to FHWA requests for information and documentation from the district reviewing appraiser or fee appraiser, as required
- Coordinating field reviews and inspections in the districts with FHWA right-of-way officers in order to assist in answering questions concerning appraisal policies and procedures
- Researching and preparing reports pertaining to appraisal matters
- Performing other duties as assigned or required

2.04-3

INSPECTION

Central Bureau of Land Acquisition reviewing appraisers should view project areas being appraised. The extent of the physical inspection will vary and will depend upon the complexity of the appraisal problem and the amount of assistance, if any, requested by the district.

2.04-4

EXAMINATION OF APPRAISAL REPORTS

Central Bureau of Land Acquisition reviewing appraisers shall review appraisals on a "spot check" basis. All appraisals will be initialed and dated to indicate that the reviewer reviewed them.

The reviewers will prepare an appraisal review for appraisals given a thorough review. A thorough review includes the determination that the appraisals:

- Are completed in accordance with division policies and procedures and meet the minimum appraisal requirements.
- Follow accepted principles and techniques in the evaluation of real estate in accordance with existing state law.
- Contain all the information and documentation necessary to support the conclusions and estimates of value.
- Include consideration of everything taken, all compensable items of damage and all benefits but do not include compensation for items non-compensable under state law.
- Are consistent with appraisals and appraisal reviews on other similar parcels in value and damage to the remainder.

2.04-5

CORRECTIONS AND REVISIONS

If discrepancies are noted, the reviewing appraisers will either return the reports to the district for correction, call the district for corrections, or add the necessary documentation required to support the value estimate. If the latter is done, a copy of the documentation will be sent to the district, and the district reviewing appraiser should initial the documentation to show concurrence and place it in the files. All appraisals that are reviewed and required corrective action will be noted in the appraisal review.

2.04-6 SUBMITTAL OF APPRAISALS TO THE FEDERAL HIGHWAY ADMINISTRATION

When appropriate, CBLA reviewing appraisers shall submit the necessary copies of appraisal reports and review documentation to the division office of FHWA when they are found to be acceptable. Copies of administrative documentations and settlement reports, however, are not submitted to FHWA.

2.05

LAND ECONOMIC STUDIES

2.05-1

GENERAL

Land economic studies are prepared for the purpose of showing the actual damage or benefit, occurring to the remainder of a property as the result of the acquisition of land for a public improvement. They are used primarily by staff and fee appraisers to assist in determining adjustments to the comparable sales used to value the remaining property in a partial taking in connection with appraisals for transportation projects.

Land economic studies are originated with a district obtaining information on sales of remainder properties from which right of way has been acquired in their respective areas, and then investigating all aspects of the sale. The district obtains sale information from many sources such as property owners, realtors, appraisers, newspapers, county records, etc. After sales are identified, only the procedures required to produce studies from an area when no sales are known will be discussed.

After an area is chosen, right-of-way plans are obtained. From these plans, lists are made of the parcels, which appear to have promise for further investigation. These lists include information such as the parcel number, the name of the owner, the tax identification number, the township, range and section where the parcel is situated, the year of the state's acquisition, and whether acquired by negotiation or condemnation.

The year the state acquired each parcel is used as a beginning point when going through the records in the courthouse or other sources. Quick takes or condemnation cases are indicated to show that the entry of the transaction between the state and the property owner will not be recorded in the form of a deed.

Once the lists have been completed, a trip is made to the county courthouse to "run the records." This process is a long and sometimes monotonous procedure. Normally a name is taken from the prepared list of property owners along the proposed right of way. That name will be found in the grantor's index indicating the sale of property to the state. After that, when the name reappears at this specific location, it normally indicates a sale of all or part of the land to another individual or firm.

Many different instruments are used, but the one most frequently employed for land economic studies is the warranty deed. If this is the case, a check is made in the Deed Book and on the right-of-way plans to discover if the property sold by the owner coincides with the property, which borders on the right of way. If this is affirmative, a special form is completed ([Exhibit 2.05-4](#)). This special form is for reference purposes and includes the grantor's and grantee's name and address, parcel number, date when recorded, consideration indicated, the acreage involved, the book and page number where the sale is found in the Deed Book, the amount of revenue stamps affixed to the deed, and the date the form is completed. In addition, a detailed legal description of the land involved in that transaction is recorded on this form for easy reference purposes. After sales have been located for a particular parcel, the number of sales can be written near the owner's name on the list.

If an owner's name does not appear again after the initial sale of land to the state of Illinois, then the word "none" can be placed beside the owner's name to indicate that there were no recorded sales of these remainders.

Another source of information and verification of sales data is the Real Estate Transfer Declaration, which must be presented to the Recorder of Deeds or Registrar of Titles at the time a deed is presented for recordation. This document or a copy thereof may also be found with the Supervisor of Assessments, Assessor or Board of Assessors of the County where the property is located.

When the list is completed, it is taken back to the office for a second screening . The sale forms prepared at the courthouse are examined to determine the most promising sales.

The sales are divided into different categories - borrow pits, interchanges, residential, commercial, industrial, agricultural, etc. Some will be used immediately; others later, and some will not be used because they may not indicate true market transactions. The legal descriptions of the land are then checked to see if they agree with the right-of-way plans and appraisals.

To be a useful study, the sale should indicate a damage or benefit, which can be attributed to the right-of-way acquisition. Sales around interchanges, or of remainders affected by division of property, irregular shape, proximity to the highway, reduction in size, landlocking, less desirable access, etc., often provide information for useful studies.

The parcels, which are selected during the second screening, are then prepared for the next step. An interview is conducted with the grantor and/or grantee on each transaction. This interview has five main purposes: verify the sale price, visually inspect the property, discover if any improvements were added to the property from the time the state bought the land to the time when the owner sold the remainders, determine the reasons for buying or selling the land along with the use to which it is or will be put, and determine if there have been subsequent changes in zoning or other factors which had an effect on the sale price. A form is used for the interview to ensure that all necessary information is recorded ([Exhibit 2.05-6](#)). Other items, which the interviewer should have, are a county plat book, a plat of each piece of property from the approved appraisal, and the sale papers complete with the legal description.

The interviewer should present an amiable attitude. During the first few minutes of the personal interview, the interviewer may be required to listen to criticisms concerning some state operation. An understanding ear should be given, then business should be introduced as subtly as possible. Often during an interview, additional information can be gathered on recent sales in a specific area. It is always a good idea to ask about these because there could be some unrecorded contract for deed sales.

Once the interviews are completed, and the forms returned to the office, the land economist analyzes and selects the suitable sales based on the interview data. Thus, the interview procedure is perhaps the best indicator of sales, which will make a bona fide study.

After the most promising studies have been chosen, the appraisals for each parcel are obtained. [Exhibits 2.05-7A](#) and [2.05-7B](#) represent the urban and rural land economic study preliminary forms, respectively. These papers are in prearranged paragraph form with blank spaces for the variable information. The parcel information extends from before the time the state purchased land to the sale under study. Most of the information for these preliminary forms can be gathered from the appraisals and local realtors.

Most land economic studies show a resulting benefit or a damage. A benefit occurs when a subsequent sale indicates that a new highway improvement actually increased the value of the property. Conversely, a damage has usually occurred when a recent sale shows that, after the highway improvement, the remainder sold for less.

As part of the land economic study, a photograph is taken of the rural properties by aerial surveys. This picture is then detailed by outlining the property lines, the land taken, the location

of the highway and property, the acreage involved, and any township or county roads adjacent to the subject land. See [Exhibit 2.05-7C](#).

2.05-8

COMPUTATION

The damages or benefits to a particular tract of land are computed based on the approved appraisal, a time adjustment and the subsequent sale price. The amount for the part acquired by the state is deducted from the total before value to arrive at the value of the remainder before taking, to which a time adjustment is applied, creating an adjusted value of the remainder before taking. Time adjustments are obtained from local sources and will vary depending on location and length of time between the state's acquisition and the subsequent sale. The difference between the adjusted value of the remainder before taking and the subsequent sale price is the indicated damage or benefit to the property. This difference is then divided by the value of the remainder before taking to show the percentage of damage or benefit.

2.05-9

THE FINAL COPY

When the land economic study preliminary form is finished, it is to be typed and proofread. Any mistakes are corrected and the final copy is completed. A cover sheet is made, consisting of an outline of the state of Illinois with the interstate system traced across the state. The particular county where the study is located is identified on the map with diagonal lines. Each study's number is followed by the state highway district where it is located (for example, No. 187-2) The type of study (agricultural, residential, industrial or commercial) and the characteristics causing the damage or benefit, such as proximity, shape, division, landlocking and size are indicated at the top of the cover sheet. Near the bottom of the cover page is the byline of the state.

2.05-10

PRINTING PROCEDURE

The final stage of the creation of a land economic study is publication. A memorandum is sent to the Central Bureau Engineer of Land Acquisition for approval. If approved, a printing request is forwarded to the appropriate bureau and the actual printing is then done.

All of the finished copies are then sent to the Central Office Bureau of Land Acquisition where they are distributed for information and use. Extra copies are kept in the appraisal unit's files. The land economic studies are for the use of all staff and fee appraisers and other interested parties. These studies are used as a tool by appraisers in estimating after values and benefits more accurately.

It is our desire to maintain a close relationship with all staff and fee appraisers in the State of Illinois. Also, a working relationship is generated with other states by sending samples and complete sets of studies to their respective land economic sections. It is anticipated that all will benefit by this type of cooperation and exchange of information.