

Chapter 4 Appraisal

This chapter outlines typical appraisal tasks and responsibilities. The Washington State Department of Transportation (WSDOT) Appraisal Guide, [Appendix 4-1](#), provides detailed technical requirements for appraisals.

4-1 Policy

The Headquarters Real Estate Services Program Administrator (HQ RESPA) establishes WSDOT appraisal policy. This policy assures compliance with state and federal laws and regulations governing real property acquisition under eminent domain.

4-2 Project Funding Estimates

A Project Funding Estimate (PFE) is a detailed parcel-by-parcel estimate of total expected right of way acquisition costs. Ideally, it is completed by an appraiser, an appraisal reviewer, and a relocation expert. The PFE is entered into the Integrated Real Estate Information System (IRIS) which produces a summary report. Through IRIS, the region can update the PFE as needed. The PFE is used to obtain authorization and funding for the project.

4-2.1 Rules

- A. A PFE is prepared for every WSDOT project in which right of way will be acquired. For local agency projects, the local agency will utilize the Right of Way Funding Estimate following the procedures outlined in [Chapter 25](#) of the [LAG Manual M 36-63](#).
- B. As a minimum, the PFE contains the following information:
 1. A parcel-by-parcel list of right of way costs.
 2. A notation on every parcel with a listing on the Washington State Department of Ecology's Facility Site HazMat Database (www.ecy.wa.gov/fs). This information is to be included in the appraisal and the Determination of Value.
 3. A total project right of way cost summary.
 4. A project data package including sales, sales map, neighborhood and project description, scope of sales search and, if applicable, damage studies, cost-to-cure documentation, Assumptions and Limiting Conditions, and Acquisition Appraisal Salient Information. The PFE Parcel Work Sheet is included in the data package.
- C. The PFE is transmitted by a cover memorandum containing a brief explanation of the material and a request for funding action.
- D. Subsequent to funding action (assignment of a right of way number), any supplemental requests for significant fund changes or additions/deletions of parcels are submitted as separate PFEs per [Section 4-2.1.A](#).

- E. Complete copies, including data package, shall be distributed as follows:
 - RESM, Region
 - Appraisal, Region
 - Negotiation, Region Headquarters Appraisal
- F. Exceptions to the PFE procedures may be made with the written concurrence of the Section Manager, Appraisal and Appraisal Review Program.

4-2.2 **Procedures**

The agent assigned to do the PFE completes the estimate as follows:

- A. Inspects the project and becomes familiar with the engineering features of the plan.
- B. Views individual parcels to determine the effects of acquisition.
- C. Prepares a neighborhood and project description which defines existing uses, zoning, trends, transportation and utilities, economic influences, a synopsis of the project and its effect on parcels, and any changes in the aforementioned likely to be caused by the project.
- D. Gathers sufficient comparable land sales, listings, and/or assessment information for the various types of parcels and remainders within the project.
- E. Prepares project vicinity map.
- F. Prepares PFE Parcel Work Sheet ([RES-215](#)) for each parcel on the project.
- G. Includes any applicable damage studies.
- H. Includes cost-to-cure documentation for estimates and/or bids.

4-3 **Appraisals**

This section outlines typical appraisal administration and responsibilities.

4-3.1 **Appraisals, Authorization**

WSDOT may authorize acquisition appraisals after the following:

- A. **Normal Approval**
 - 1. The corridor hearing has been held.
 - 2. The final environmental approval has been obtained.
 - 3. The right of way plan showing the parcels to be appraised has been submitted.
- B. **Special Approval** – Appraisals may be approved on a parcel-by-parcel basis under the provisions of early acquisition, as described in [Section 6-3](#) of this manual. The appraisals may be performed for early acquisitions that will be undertaken prior to NEPA completion; or, in accordance with [Section 6-3.5](#), for acquisitions that will begin after the NEPA process has been completed.

4-3.2 *Number of Appraisals*

A. Acquisition Appraisals

1. Each parcel to be acquired by negotiation must have at least one appraisal except as provided under [Section 4-3.3](#). Additional appraisals may be required due to the complexity of the appraisal problem. It is the responsibility of the Review Appraiser to determine if more than one appraisal will be required. This should be done early in the acquisition process, preferably during the PFE.
2. Each parcel to be acquired by donation need not have an appraisal if the donor waives it in writing.
3. Regardless of estimated just compensation amount, each parcel submitted to Headquarters for condemnation will be appraised. A Determination of Value (DV) prepared by a review appraiser must be transmitted with the parcel.

B. Surplus Property Appraisals

1. All surplus real property and/or real property rights with an estimated value in excess of \$100,000 must have at least one appraisal prior to disposal by sale or trade. The Review Appraiser may require additional appraisals due to the complexity of the appraisal problem.
2. All surplus real property and/or real property rights with an estimated value of \$100,000 or less can be reported as such using a memorandum form. Requirements are found in [Chapter 11](#).
3. WSDOT-owned real property and/or real property rights to be rented or leased may have fair market rent supported by memorandum with supporting data attached as necessary. It is the responsibility of the Section Manager, Appraisal and Appraisal Review Program, or the Region Appraisal Supervisor to determine whether the complexity of the appraisal problem requires a formal appraisal in such instances.

4-3.3 *Waiver of Appraisal*

A. Rules

1. The department, at the discretion of the RESM, may elect to waive the requirement for an appraisal if the valuation problem is uncomplicated and the compensation estimate indicated on the PFE is \$25,000 or less, inclusive of cost-to-cure items.
2. Special care should be taken in the preparation of this form. Because no review is mandated, the preparer needs to assure that the compensation is fair and that all the calculations are correct.

B. Rules

1. Just Compensation must be \$25,000 or less, inclusive of cost-to-cure items.
2. Definition of “Uncomplicated” is as follows:
 - No change of Highest and Best Use.
 - No Damages other than “Cost to Cure.”
 - Cost or Income approach to value not required to estimate value.

C. Procedures

1. An Administrative Offer Summary (AOS) ([RES-216](#)) is prepared using data from the project data file or other appraisals of comparable properties.
2. The AOS is submitted to the RESM or the Region Appraisal Supervisor for approval.
3. The RESM or Region Appraisal Supervisor signs the AOS authorizing a first offer to the property owner(s).
4. The original AOS is forwarded to the Section Manager, Appraisal and Appraisal Review Program. A copy is sent to the Region Negotiation Supervisor for preparation of the offer.

4-3.4 **Appraisal Assignment**

The Region assigns/contracts for appraisal and specialist reports. Staff appraiser assignments are made using the Staff Appraiser Assignment ([RES-203](#)). Fee appraisers and specialists are contracted using the personal services contract. For personal service contracting procedures and administration, see [Chapter 300](#) of the [Consultant Services Manual](#) M 27-50.

- A. The assigned appraisal form must match the complexity of the appraisal problem.
- B. Appraisal assignment/contract data is entered into IRIS.
- C. Qualified state staff, when available, must be utilized before private consultants can be contracted.

4-3.5 **Distribution of Appraisal Reports**

- A. WSDOT may share the appraisal reports with the property owners.

When this occurs, the appraiser submits one original report, which is given to the Review Appraiser.

- B. After the report is reviewed and found acceptable, the final appraisal report is submitted to the Senior Appraiser. The Region Appraisal Supervisor:
 1. Notes the date it was received in region.
 2. Updates IRIS as necessary.

3. Distributes the reports as follows:
 - a. Original to the Acquisition Supervisor, for inclusion in the Headquarters parcel file.
 - b. One copy to the region parcel file.
 - c. One copy to the review appraiser.
 - d. One copy for the negotiator.

4-4 Special Appraisal Situations

4-4.1 *Plan Revisions*

When a right of way plan revision occurs, a new appraisal and/or new DV may be required.

- A. If the parcel has not been acquired, the Appraisal Supervisor contacts the Review Appraiser to determine if a new or revised parcel appraisal is required.
 1. If a new or revised appraisal is not required, the Review Appraiser will write a new DV based on the new map and the previous appraisal. (See [Chapter 5](#), Review.)
 2. If a new or revised appraisal is required by the Review Appraiser, the Appraisal Supervisor assigns and/or contracts accordingly.
- B. If a plan change requires the acquisition of additional rights from a parcel that the department has already completed an acquisition on, then a new parcel number, PFE, and appraisal are required.

4-4.2 *Damage Claims*

The Region Appraisal Supervisor assigns or contracts the appraisal of damage claims (e.g., inverse condemnations) upon authorization by the HQ RESPA.

4-4.3 *Advertising Signs*

- A. Tenant-owned signs (realty) in the acquisition are appraised as tenant-owned improvements. The appraisal shall report the following:
 1. The contribution value of the sign.
 2. The orderly liquidation (salvage) value of the sign.
 3. The cost to move the sign onto the remainder (if a partial taking).
- B. Fee-owner signs (realty) located in the acquisition are evaluated as fixtures. The appraisal shall report the contribution value of the sign and the cost to move the sign onto the remainder (if a partial taking).
- C. Signs that are located outside the right of way are appraised only as authorized by the HQ RESPA or the Section Manager, Appraisal and Appraisal Review Program.

4-4.4 Other Types of Appraisal Problems

- A. The following are examples of when the HQ RESPA should be consulted for direction:
1. Railroad properties.
 2. Properties owned by a public agency.
 3. Aquatic lands or wetlands.
 4. City street rights of way.
- B. **Private Access Easement for Transfer** – When a R/W plan shows an “Access Easement for Transfer” across a private owner (A), the servient tenement, to serve another single private owner (B), the dominant tenement, we cannot condemn for the easement. We cannot condemn to provide private access to a third party because this situation is not a public use, as defined in [RCW 8.04.070](#).
1. The appraiser prepares a two-premise report for each property. The “before” description and valuation is the same for both premises. The “after” description and valuation is different.
 - a. For Owner A, the first premise in the “after” situation is without the easement. The second premise in the “after” is with the easement.
 - b. For Owner B, the first premise in the “after” situation is without the easement from Owner A. The second premise in the “after” is with the easement from Owner A.
- C. **Well and Septic System Agreements** – When a portion of a well, well radius, or septic system falls within the proposed R/W acquisition, it may be appropriate for the RESM to allow the use of an agreement to replace the private utility rather than obtain a cost to cure.

The appraiser who prepares the appraisal, should first determine the feasibility of the replacement. An investigation should be made for adequate areas, setback requirements, soil conditions, etc.

If the system is not feasible, then other avenues of solution must be taken.

If there are public or community utilities within the area, the cost of the hookup to that utility should be investigated as a possible alternative.

- D. **Asbestos** – When buildings to be totally or partially acquired are suspected to contain asbestos, the Region Appraisal Supervisor:
1. Requests that the region project engineer contract for asbestos sampling and testing of such buildings per these priorities:
 - a. **High Priority** – All buildings designed/constructed for human occupancy/use, except single-family dwellings. Asbestos sampling/testing reports on these buildings are provided to the parcel appraiser for consideration during the appraisal process (see [Section 4-4.4.D.2](#)).

- b. **Low Priority** – All single-family residences. Asbestos sampling/testing reports on these need not be considered by the parcel appraiser during the appraisal process unless the typical market would do so.
 2. Positive asbestos sampling/testing reports on high priority buildings require the services of a specialist (Industrial Hygienist) for an estimate of the cost of mitigation. The mitigation estimates needed are:
 - a. For affected buildings lying totally within the right of way or likely to be totally acquired, the costs needed are:
 - (1) Removal of the asbestos from the entire building.
 - (2) Encapsulation of the asbestos for the entire building.
 - b. For affected buildings lying partially within the right of way and which will likely be rehabilitated in place, the costs needed are:
 - (1) Removal of asbestos that will be disturbed during rehabilitation.
 - (2) Encapsulation of asbestos that will be disturbed during rehabilitation.
 3. Positive asbestos sampling/testing reports on low priority buildings do not require mitigation cost estimates. However, such positive reports are to be provided to the Region Negotiation Section and Property Management Section prior to the occurrence of any of the following:
 - a. Offering owner the option to retain the building for salvage.
 - b. Rental of the building to the owner, occupant, or any tenant after acquisition.
 - c. Any sale that includes ownership of the building.
 - d. Demolition of the building.
 4. The Region Appraisal Supervisor assures that copies of all positive asbestos sampling/testing reports are available to the project engineer.
- E. **Toxic/Hazardous Waste Situations** – The Region Appraisal Supervisor consults the project environmental impact statement and/or the project design report for information. If toxic/hazardous waste is present in the project alignment, it should be tested and mitigation costs estimated prior to the PFE. The Region Appraisal Supervisor assures that any positive testing and mitigation cost estimates are forwarded to the parcel appraisers for consideration during the project funding and/or appraisal processes.
1. Lacking definite information on hazardous/toxic waste contamination from the project design report or the EIS, the appraiser is vigilant during field inspection of parcels or owner contacts for indications of possible contamination such as:
 - a. Evidence of spillage.
 - b. Odd odors or soil colors.
 - c. Evidence of burial.
 - d. Discolored, missing, or dead vegetation.

- e. Dead animals or birds.
 - f. Suspicious drums, tanks, or containers.
 - g. Any above or underground storage tanks.
2. If the appraiser suspects the presence of hazardous/toxic waste on a parcel, the following actions are taken:
 - a. The appraiser reports suspicions in writing through the Region Appraisal Supervisor to the Region Environmental Unit.
 - b. The Section Manager, Appraisal and Appraisal Review Program, is consulted on how to proceed with the appraisal.
 - c. If waste is found, the cleanup costs reported by the environmental unit are considered by the appraiser during the appraisal process.
- F. **Mobile Homes** – As described in Title 49, Code of Federal Regulations, Mobile Homes may be determined to be either real property or personal property. The appraisal procedures will be different depending on this determination.

It is recognized that personal services contracting expertise lies with the Region Appraisal Supervisor. The Region Appraisal Supervisor will contract with a mobile home specialist to explore whether each mobile home is real estate or personal property. As part of the contract, the mobile home specialist will also determine the salvage value of the mobile home (if real estate) and the depreciated value and cost to move the mobile home (if personal property), as described below.

The final decision as to whether the mobile home is real estate or personal property will be made by the Region Real Estate Services Manager, or designee, and will be based on the following criteria:

Real Property – Not licensed by Department of Licensing, Motor Vehicle division.

Personal Property – Title is licensed by Department of Licensing, Motor Vehicle division.

1. If the mobile home is determined to be real estate, then it is appraised at its contribution value as real estate in the appraisal report, and a salvage value will be provided. The mobile home specialist will provide the salvage value as part of the contract referenced above.
2. If the mobile home is determined to be personal property, then these procedures are followed:
 - a. The Region Appraisal Supervisor will set up a contract with a mobile home specialist to provide the following information:
 - (1) Cost to move, including code modifications and necessary upgrades.
 - (2) Current depreciated value.

- b. The appraiser includes these costs in the appraisal report, but does not add them to the value of the real property:
 - (1) A statement will be inserted in the appraisal acknowledging that the mobile home is personal property and what the conclusions of the specialist report are.
 - (2) A copy of the specialist's report will be attached to the appraisal.
- c. The Review Appraiser includes a statement in the Determination of Value.
 - (1) The statement will acknowledge that the mobile home is personal property and will state the conclusions of the specialist report. This information is not added to the value of the real property.
3. If the mobile home is determined to be personal property, but cannot be moved as described in [Chapter 12](#), Relocation Assistance, then the RESM may authorize the purchase of the mobile home.
4. When acquired, the clearing of the title to the mobile home will be handled through escrow as described in [Chapter 6](#) Acquisition.

4-5 Responsibilities

4-5.1 *Region Appraisal Supervisor*

The Region Appraisal Supervisor's responsibilities include the following:

- A. Obtain estimates, specialist's reports, and appraisals in advance of negotiations by making staff assignments or contracting private consultants.
- B. Provide the appraiser with: identification of real property and fixtures to be appraised; engineering data; specialist reports; information from the environmental impact statement (EIS); and/or project design report regarding hazardous/toxic waste and/or asbestos.
- C. Update projects, parcels, Project Funding Estimates, appraisal assignments, and appraisal completions in the IRIS computer system.
- D. Supervise appraisal staff.
- E. Negotiate contracts with fee appraisers and specialists and oversee their completion.
- F. Act as liaison between Review Appraiser and appraiser regarding review and/or rejection of appraisal reports.
- G. Act as liaison between the Attorney General's Office and staff appraisers.

4-5.2 Appraiser

The appraiser's responsibilities include the following:

- A. Appraising items of property that have been identified as real estate fixtures. The appraiser itemizes and considers the fixtures in the report. The appraiser identifies the ownership of real property improvements and personal property. This should be done taking in to consideration the definitions of "Real Estate" and "Personal Property" available in the appendix. Consideration must be given to the method of attachment for each item as well as market customs and the intent of the parties. Items meeting the definition of real estate under these conditions shall be deemed to be a part of the real property to be acquired notwithstanding the right or obligation of a tenant of the lands, as against the owner of any other interest in the real property, to remove such building, structure, or improvement at the expiration of his or her term. See [RCW 8.26.190](#))
- B. Performing and reporting in conformance with:
 1. Either the Staff Appraiser Assignment Form ([RES-203](#)) or the personal services contract.
 2. The Certificate of Appraiser ([RES-205](#)).
 3. Instructions peculiar to the specific assignment.
- C. Providing acceptable written appraisals or estimates in accordance with the Appraisal Guide ([Appendix 4-1](#)).
- D. Providing appraisal revision and corrective action as requested by the Review Appraiser.
- E. Coordinating appraisal matters with legal staff at pretrial conferences.
- F. Appearing as an expert witness for WSDOT.
- G. May act as negotiator as well as appraiser on parcels with \$10,000 or less just compensation.

4-6 Appendices

[Appendix 4-1](#) Appraisal Report Guide

Appendix 4-1 Appraisal Report Guide

A4-1 Part I Evaluation Guidelines

A. Departmental Standards

1. An appraisal is a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information. The format and level of documentation for an appraisal are dependent on the complexity of the appraisal problem to be solved. An acceptable appraisal report is one which fulfills all the requirements of this Appraisal Report Guide and contains factual support and sound reasoning for conclusions drawn. An appraisal may fulfill all requirements of the Appraisal Report Guide as to data contained, etc., and not be acceptable because of inadequate investigation or interpretation of market facts and/or unreasonable judgment of such facts.
2. Except as provided in [RCW 8.26.180\(2\)](#) and [49 CFR Part 24.102\(c\)](#), the Real Estate Services Office shall appraise all properties affected by WSDOT transportation projects prior to negotiations for purchase of property rights required for highway purposes. Appraisals shall be made to determine the value of the property rights sought by the state, basing such determination on the legally compensable amount of the fair market value lost to each separate ownership by virtue of WSDOT's transportation project plan. All policy in this connection is governed by a constitutional provision of the Washington State Constitution; specifically, Amendment 9, Art. 1, Section 16, Eminent Domain, which reads in part: "No private property shall be taken, or damaged for public or private use without just compensation having been first made, or paid into court for the owner, . . ."
3. The policy designed to carry out the requirement for the payment of just compensation is not personal in its context. It is not a limitation on the person whose property may be acquired, but a limitation on property acquired for public use. The sole restriction or limitation is to preserve for the owner a right to "just compensation." It is for the property acquired and not to the person whose property is acquired. Evaluation in both the before and after instances is to be based on "fair market value" and not "value in use," i.e., ordinary value of the real estate in the open market to people generally and not special value to a particular owner or special value to a particular operation due to some individualistic peculiarity of the operation. "Fair market value" is the amount in cash which a well-informed buyer, willing but not obliged to buy the property, would pay, and which a well-informed seller, willing but not obliged to sell it would accept, taking into consideration all uses to which the property is adapted or may be reasonably adaptable. The mathematical difference between the two values (market value "before" minus market value "after") is the just compensation after adjusting for items that are not compensable under the law.

The “after value” is based on the value of the remainder property assuming that the actual construction of the proposed project will not be completed until an estimated future date. Any temporary inconvenience during or caused by, the actual construction of the project is not considered in the appraisal. Fair market value shall normally be that of fee simple title.

4. The public, which must bear the burden of these public projects designed to safeguard and protect the private property of all, should be assured that the compensation awarded shall be just and adequate; and shall approximate what it can reasonably be assumed the property would bring in cash, in an open market exchange to a willing seller and under normal bargaining procedure.
5. The property owner has the legal right to inspect the property with the appraiser. Every effort must be made to ensure that the property owner has been extended that opportunity for a joint inspection.

- B. **Total Acquisition** – When WSDOT’s project plans necessitate acquisition by WSDOT of an entire ownership, just compensation is the fair market value of the property, taking into consideration as part of the property such improvements that have been determined to be real property, evaluated as of the date of appraisal.

If a tenancy is involved, the tenant-owned real property improvements are evaluated as of the date of the appraisal and as they contribute to the market value of the property or their value for removal, whichever is greater.

- C. **Partial Acquisition**

1. **General** – When WSDOT’s project plans necessitate acquisition by the state of less than a total ownership, just compensation for the rights to be acquired is the difference between the fair market value of the entire ownership prior to the acquisition and the fair market value of any portion thereof not required by the state’s highway project plans after adjusting for items that are not compensable under the law.
 - a. Both evaluations (“before” and “after”) are based on fair market value as of the date of appraisal by the state. Before and after values reflect the amount that one buyer would pay and that one seller would accept under the value definition.
 - b. If the market evidence reveals no difference between the value before and the value after the acquisition, the Appraiser reports the facts dictated by the market. The Appraiser is not obligated to report a difference when none exists in fact. The Appraiser is obligated to report only the facts and conclusions based purely on appraisal considerations.
 - c. If a tenancy is involved, the tenant owned real property improvements are evaluated as of the date of the appraisal and as they contribute to the market value of the property or their value for removal, whichever is greater.

2. **Benefits** – In Washington State, there are three concepts where value may be created by a pending transportation improvement. It is necessary to differentiate between these concepts and understand them in order to properly treat them in right of way acquisition. The three concepts are defined as follows:
 - a. **Enhancement** – Increases in real estate values in advance of right of way acquisition created by knowledge of a pending transportation improvement.
 - b. **Special Benefits** – Value accruing to the remainder of a property by reason of acquisition and use by the state of a portion of such property where such value is special to said remainder and not enjoyed by the general public. Benefits may be special although other owners on the facility receive similar benefits.
 - c. **General Benefits** – Washington law does not clearly define general benefits. Because of this we have only attempted to explain special benefits and will assume that any benefits that are not “special” may be properly considered to be “general” benefits.

Appraisers' market studies must be sufficiently encompassing to enable them to detect both adverse and beneficial effects on property values in the path of prospective transportation improvements. They need to be able to demonstrate and evaluate such effects, thereby avoiding a reporting of value conclusions that would tend to penalize a property owner where values were depressed or to penalize the general public where values were enhanced by knowledge of a pending transportation improvement. However, maintenance within the control of the owner or tenant must be considered in estimating the market value of a property.

Appraisers' market studies must also enable them to detect special and general benefits to remainders and to differentiate where special benefits are present and to explain their reasoning.

3. **Damages**
 - a. **General**
 - (1) Damage is the mathematical difference between the value of the remainder after the acquisition and the value of the remainder as a part of the whole prior to the acquisition if no benefits are found to exist.
 - (2) The Appraiser is required to fully explain the physical facts which cause the remainder to suffer a loss in value (damages) and the market facts that justify such a conclusion.

b. Mitigation of Damages

- (1) WSDOT may negotiate for the purchase of property outside the right of way for the purpose of mitigating a portion or all of the damage to remainders in various circumstances when such mitigation can be shown to create a saving to the state. The amounts of such savings are determined by appraisal techniques and documented by confirmed factual cost data secured by the department.
- (2) Certain types of mitigation may not be allowed in legal actions. The Region Appraisal Supervisor consults with the Attorney General's Office when in doubt.
- (3) An improvement lying partially within the right of way to be acquired is considered as acquired in total unless it is found that such improvement may be rehabilitated in place and thereby preserve its utility. In the latter case, there must be a showing that: (a) from the standpoint of the prudent person, such rehabilitation would be the typical action; and (b) such rehabilitation is economically justified. A two-premise appraisal is necessary showing compensation (a) assuming no rehabilitation, and (b) assuming rehabilitation has been accomplished. The Region Appraisal Supervisor secures bid(s) from reliable contractor(s) indicating the cost of rehabilitation.

c. **Modification of Project Plans** – The Appraiser, or Region Appraisal Supervisor, reports in writing to the Region RESM any justified construction items that would mitigate damages.

d. **Uneconomic Remnants** – An uneconomic remnant is a remaining portion of a property in which an owner is left with an interest that WSDOT determines has little or no utility or value to the owner.

WSDOT has a concern for those owners who are at risk and must sell such a remnant to a third party in order to break even or who must undertake a totally new business in order to take advantage of a changed highest and best use. The determination of such remnants is the responsibility of the Review Appraiser (see [Chapter 5](#)).

e. **Damage Items Not Compensable** – There are certain items that are not compensable under the law. Approved just compensation and appraisal reports secured by the department exclude compensation for damage items not compensable under state law. Following is a list of some of the noncompensable items.

- (1) Annoyance and inconvenience suffered by the public in common.

- (2) Injury to business.
 - (a) Generally including loss of profits due to necessity of removing the business to some other location and loss of profits due to interruption of business by reason of and during the course of construction of the public improvement.
 - (b) Where the type of business is an integral part of or closely related to the land itself, the nature and amount of business and the income there from may be admissible as bearing directly upon the value of the land.
 - (c) [Chapter 8.26 RCW](#) authorizes the Transportation Commission to make specified payments for displacement and relocation. Such payments are not part of just compensation and are not to be considered during the appraisal process.
 - (3) Expenses for moving private and business personal property or for damages arising from the owner's inability to locate an acceptable substitute location are not a part of just compensation (27 Am. Jur. 2d Eminent Domain Sec. 293).
 - (4) While an abutting owner has a right to ingress and egress, the loss of which will be compensated where there is either a physical injury to the property or impairment of the access. There will not be compensation when the state, by proper exercise of its police power, installs traffic control devices and there results:
 - (a) A rerouting or diversion of traffic.
 - (b) A decrease in the amount of traffic on the highway.
 - (c) Circuity or impairment of travel caused by a divided highway.
 - (5) In general, all those types of damages such as can be considered potential, speculative, and remote, being uncertain and difficult to ascertain, are not to be considered.
- f. **Damages or Benefits to Property Before Acquisition** – Any decrease or increase in the fair market value of the real property to be acquired 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 compensation for the property. ([RCW 8.26.180](#))

A4-2 Part II Specifications

A. **General** – In the appraisal of real estate for the purpose of acquiring right of way, the considerations are generally confined to estimating fair market value.

B. **Rules for Form Choice**

1. **The Region Appraisal Supervisor**

a. Preferably at the project funding stage, but prior to parcel appraisal assignment, and in conjunction with the Review Appraiser and property owner:

(1) Identifies any real estate specialty items such as trade fixtures and/or equipment. These are to be evaluated as to their fair market value contribution to the whole property. For complex items an expert is contracted to do a specialist's report. Such a specialist's report is provided to the appraiser of the parcel for consideration in the appraisal.

(2) In the case of tenancy, identifies any tenant-owned real property improvements. If a condemnation clause appears in the lease, the Region RESM is notified and requested for advice on how to proceed. If the items are compensable (no condemnation clause), they are to be evaluated under the following two premises, disregarding any right or duty to remove them by the tenant:

(a) The Fair market value which such item(s) contribute to the Fair Market Value of the whole property;

(b) The fair market value of the item(s) for removal (salvage value).

If the tenant-owned real property improvements are of a complex nature they are usually evaluated by an expert in a specialist's report. The Appraiser of the parcel must consider their fair market value contribution to the whole property based on the higher of the above two premises.

b. Obtains any needed legal opinions or appraisal instructions.

c. Obtains any other needed specialist reports (e.g., timber cruises, costs to cure).

d. Reviews and approves (for contract compliance) the specialist's report by signing and dating a Certificate of Specialist in the blank provided.

- e. Provides (as appropriate) to the Appraiser:
 - (1) Either Staff Appraiser Assignment Form ([RES-203](#)) or appraisal contract.
 - (2) Right of way plans, profiles, and cross sections.
 - (3) Any specialist's reports, legal opinions, and/or special instructions that may be necessary.
 - (4) Title report(s).
 - (5) Necessary printed report forms.
 - (6) Appraisal Report Guide ([Appendix 4-1](#)).
2. Reports may be submitted electronically or in hard copy. Title reports, Staff Appraiser Assignment Form, and/or copy of appraisal contracts are attached only to the copy given to the Review Appraiser. All other materials are submitted in the Addenda
3. Each item in the appraisal report is numbered and contains the information called for by the similarly numbered item in this appendix and [Chapter 4](#).
4. Beginning with page 2, the following are either typewritten or printed at the bottom of each page of the report:
 - a. Appraiser's/Specialist's name.
 - b. Consecutive page numbering.
 - c. Parcel number or numbers of the ownership.
5. The Appraiser includes an analysis of the specialist's report within the text of the appraisal report. Items or amounts shown by the specialist are not arbitrarily adopted by the Appraiser, but are considered as to their possible contribution to or diminution of the subject property's value. The specialist's report is included in the Addenda of the appraisal report regardless of the extent to which the data are used.
6. The Appraiser offers the property owner the opportunity of accompaniment at the time of the property inspection. A Report of Contact With Owner ([RES-204](#)) is completed, reporting such contact and inspection, and is included in the Addenda of each appraisal report.
7. Appraisal and specialist reports are assembled as shown in Tabs A through F. The completed report is stapled in the upper left-hand corner only. The report is not placed in a folder.
8. The original and the number of copies agreed to by the contract are signed and submitted to the assigning Region Appraisal Supervisor. Unless otherwise specified, an original and three copies of each report are required.

C. Deciding Which is the Correct Type of Appraisal Form

The acquiring agency must base its appraisal form choice on the magnitude of the appraisal problem. All forms are found at the website for WSDOT Real Estate Services at www.wsdot.wa.gov/realestate. The quick-reference chart below outlines the choice requirements:

Form	Conditions	Requirements
(None)	No appraisal is required if released by the property owner when a donation situation.	Owner must be informed of the right to receive just compensation based on an appraisal.
(None) Administrative Offer Summary	Simple acquisition where total just compensation is \$25,000 or less.	Value finding evidence contained in the Project Funding Estimate or other explanation needed. Property owner must be informed of the right to an appraisal if the estimated value exceeds \$10,000.
Abbreviated Appraisal Report	Simple acquisition where damages are measured by cost to cure.	See Tab D (below) for requirements.
Narrative Appraisal Form	Whole or partial acquisitions. When the property's present use is its highest and best use and that use is the same before and after acquisition, only the Sales Comparison Approach is usually applicable.	See Tab C (below) for requirements.

D. **Report Preparation** – The format, rules, and procedures for the various types of reports are given in the following tabs:

1. Specialist's Report
2. Surplus Property Form
3. Narrative Appraisal Form
4. Abbreviated Appraisal Report
5. Strip Appraisal Procedures

A4-3 Tab A Specialist's Report

A4-3.1 Rules

- A. A specialist's report evaluates a special and/or cost-to-cure item, e.g., a timber cruise, well drilling, facade rehabilitation, and specialty real estate equipment.
- B. The specialist's report is a written document that contains the following (where applicable):
 1. A Certificate of Specialist.
 2. Statement of the purpose of the report and definition of the value(s) or cost(s) reported, i.e., reproduction cost less depreciation, salvage value, cost to cure.

3. Identification of the property, its ownership, and location, i.e., a complete listing of all items, each described to the extent that it may be valued and located and identified in the field.
 4. Statement of appropriate contingent and limiting conditions, if any.
 5. Statement of the problem to be solved by the specialist.
 6. The estimate of value(s) or cost(s) as of a specific date.
 7. The specialist's report provides a breakdown of the total estimate showing individual amounts for each item, such as: material, labor, profit, and sales tax.
 8. The data and analysis to explain, substantiate, and thereby document the estimate of value(s) or cost(s).
 9. Descriptive material, i.e., special instructions, maps, charts, plans, photographs.
- C. Upon review and approval by the Region Appraisal Supervisor, the specialist's report is submitted to the Appraiser for consideration within the appraisal and for inclusion in the Addenda of the appraisal report.

A4-3.2 Procedures

- A. The specialist completes the report as follows:

1. PAGE 1 – CERTIFICATE OF SPECIALIST

Page 1 of the specialist's report and includes the following:

- a. **Right of Way Plan Identification** – The purpose of the block in the upper right-hand corner is to identify the specialist's report with the particular highway plan upon which the parcel is shown as of the date of the evaluation. A subsequent revision of the right of way plan (shown by the "Last Revision" date) could nullify the validity of an earlier evaluation. The specialist's report is, therefore, identified with the plan currently furnished by the department.

The specialist refers to the Agreement for Services for the parcel numbers, federal aid number (if any), and correct project number and title. In the case of a common borrow site, the project title also includes the name of the transportation project for which the common borrow site is intended to be used. The pertinent—"for use on"—information is shown on the sundry site plan within the block which shows the particular site involved.

A specialist's report may NOT include any conclusion based upon an expectation of a future plan revision without written instructions. A copy of any such instructions is included in the Addenda of the specialist's report. If the current right of way plan does not reflect current conditions, such fact is made known to the Region Appraisal Supervisor who will seek correction of the plan prior to permitting the evaluation to be continued. Any necessary revision of the specialist's contracted due date is executed by a new personal services contract. Special authorization is secured by the Region Appraisal Supervisor if the best interest of the state will be achieved by continuing the evaluation in spite of plan inaccuracies or omissions. If the plan is in error

on the location of improvements, staking on the ground is considered to override and supersede plan information.

Include in the statement contingent and limiting conditions, reference to any special instructions received from the Region Appraisal Supervisor, and the specialist's specific findings in any case of plan error.

- b. **Certificate of Specialist** – The wording of the certificate has been authored by the department to serve specific requirements. The specialist is expected to be fully aware of the language of this certificate. The specialist is to show all dates that the property being evaluated was inspected in the first paragraph.
 - c. The “date of evaluation” is the most recent date of property inspection by the specialist. It is inserted in the blank in the eighth paragraph.
 - d. The “Date of Contract” is the date on which the contract was approved by WSDOT. Dates of approval of any and all contract revisions are listed in order by date under the original contract date.
 - e. The specialist completes the certificate by inserting the firm name, signing, and dating the form with the date being that on which signed.
 - f. “DO NOT WRITE BELOW THIS LINE” – This space is for Region use only. The only marks in this space are the date of receipt of the report in the region, and the signature and date of approval of the report by the Region Appraisal Supervisor. Date stamping in this space is accomplished by WSDOT personnel to show the actual date of receipt by WSDOT.
2. PAGE 2 et seq. – NARRATIVE SECTION OF THE SPECIALIST’S REPORT
In this section, the specialist presents a narrative report which covers (in the order listed) the items in Parts iB2 through iB7.
 3. ADDENDA
In this section, the specialist includes all pertinent supporting data as indicated in Parts iB8 and iB9.

B. The Region Appraisal Supervisor

1. Assures that the specialist's report has been logged in as received in the region.
2. Reviews the report (for contract compliance) and:
 - a. Obtains any necessary corrective action or approves the report by signing and dating a Certificate of Specialist and submits the approved report to the Appraiser.
 - b. Assures that the Appraiser incorporates the specialist's report as provided in Tab A.

A4-4 Tab B Surplus Property Report

A4-4.1 Rules

- A. Simple disposals with values at less than \$100,000 may be handled with a “value memorandum” citing the rationale and evidence obtained for the conclusion of value. This memorandum is generally prepared by the Property Management agent rather than an appraiser. See [Chapter 11](#) for the specifics required in the memorandum.
- B. Complex surplus parcels are to be appraised using the Surplus Property Report form. Federal law under [23 CFR 710.403](#) and Washington State law under [RCW 7.12.063](#) require that properties or property rights to be sold are to be sold at fair market value. The National Highway Institute has provided these guidelines for valuing properties and/or rights which an agency wishes to dispose of.
- C. **Value Method Defined** – This is a common area of confusion. What value is being estimated? It is not as simple as developing a single estimate of Market Value or just compensation. The Appraisal Supervisor will make the assignment considering one or more of the following:
 1. Fair Market Value of the property standing alone in the market place. This approach may be used for determining a minimum bid for properties to be sold at public auction. This approach may be used for selling developable properties to a public agency
 2. Value to adjoining property owner using an “across the fence” approach. The method would involve an appraisal of the area being disposed of using values similar to the value of the adjoining property. This method would be applied for each adjoining property when there is more than one abutter and there is no value enhancement to any abutter.
 3. Value enhancement to the adjoining owner. The method is a reverse “before” and “after” when an assemblage of WSDOT property allows an abutting property to gain a benefit. The difference between the two values is the enhancement. Changes in limited access automatically fall into this category. Another example is a development density gain that is disproportionate to the size of the surplus. Where the adjoining owner initiates a request to buy excess property, the enhancement method should be the starting point for negotiations in order to recognize the greatest net return to the project.

A4-5 Tab C Narrative Appraisal Report Form

WSDOT has a policy of providing a copy of the appraisal to the property owner. This format is intended to be flexible in providing the appraiser the ability to address problems that range from simple to complex in a format that will be easily understood by the intended users of the report.

A4-5.1 Rules

The Narrative Appraisal Report replaces the WSDOT Standard Narrative Report and the Short Form Narrative Report. This format is intended to be flexible in that the approaches to value to be employed are determined and specified by the particular written assignment/contract. The written assignment/contract is crucial in determining the appraiser's Scope of Work. It is anticipated that for most noncomplex assignments the Sales Comparison approach will be the only approach requested.

Page 2 of the report contains the Assignment Scope of Work. WSDOT is required under 49 CFR Part 24 to take an active role in developing the Scope of Work. The purpose of the Assignment Scope of Work is to inform the user of the report of the Scope of Work that is expected from the appraiser. The appraiser's Scope of Work is included in Item 5 of the report.

All WSDOT Narrative Appraisal Report assignments must be submitted on the Narrative Appraisal Report Template provided by WSDOT. Deviation from the template is permitted only when specific exemption or deviation is included in the written assignment.

The WSDOT Narrative Appraisal Report is a self-contained report. All reasoning, supporting documentation and data must be included in the report. When applicable, reference to significant policy interpretation and the source of the interpretation must also be included in the report. State and federal standards require eminent domain appraisals to be self-contained. Reports identified as "Summary Report" will not be accepted.

In instances of total acquisition of a single family residence where the improvements make up a significant portion of the overall value, a total property to total property comparison is acceptable (if permitted in the assignment) without the inclusion of comparable sales in support of the breakout of land value. It is incumbent upon the Appraiser to be sufficiently familiar with land values in order to make a reasonable allocation of value between land and improvements with supporting documentation in the appraisal file. A reasonable allocation to the land value must still be made in the Summary of Conclusions (Section 12). This exception must be specified in the written assignment.

The Narrative Appraisal Report is organized according to the following format and procedures:

A4-5.2 Certificate of Appraiser

This printed form is the first page of the appraisal report and includes the following:

Parcel Number and Owner's Name: This identifies the property that is being appraised.

- A. **Right of Way Plan Identification** – The purpose of the block in the upper right-hand corner is to identify the appraisal report with the particular highway plan upon which the parcel is shown as of the date of the appraisal. A subsequent revision of the right of way plan (shown by “Last Revision” date) could nullify the validity of an earlier evaluation. The appraisal report is, therefore, identified with the most current map available and obtained from WSDOT.

The Appraiser refers to the personal services contract, Task Assignment or Staff Assignment Form for the parcel numbers, federal-aid numbers (if any), and correct project number and title. The R/W plan title is the same as the plan title found in the lower right-hand corner of WSDOT approved right of way and/or sundry site plan sheet.

An appraisal report may NOT include any conclusion based upon an expectation of a future plan revision without written instructions. A copy of any such instructions is included in the Addenda of the appraisal report. If the current right of way plan does not reflect current conditions, the Region Appraisal Supervisor seeks correction of the plan prior to permitting the appraisal to be continued. Any necessary revision of the Appraiser's contracted due date is executed by a new personal services contract, Task Assignment or Staff Assignment Form. Special authorization is secured by the Region Appraisal Supervisor if the best interest of the state will be achieved by continuing the appraisal in spite of plan inaccuracies or omissions. If the plan is in error on location of improvements, staking on the ground is considered to override and supersede plan information.

- B. **Certificate of Appraiser** – The wording of the certificate has been authored by WSDOT to serve specific requirements. The Appraiser is expected to be fully aware of the language of this certificate.
- C. **Encumbrances**
1. The paragraph on page 1 beginning, “This property has been appraised for its fair market value” is designed to provide ready identification of a parcel which cannot be marketed in fee simple due to the existence of outstanding dominant interests. Basic ground rules of appraising property for WSDOT require the evaluation of all rights of fee ownership because WSDOT assumes the responsibility of clearing all interests presuming the market value of the fee to be equal to the sum of all partial interests. The appraiser inserts the date of the title report here.

2. WSDOT recognizes easements of material duration, perpetual easements (including electrical transmission power lines), deed or title restrictions (including access limitations and use restrictions imposed on the title) as having possible adverse effects on market value. In the event of the existence of such an encumbrance in a particular case, the Appraiser discusses their effect in the narrative report. In these cases, the evaluation reflects the value of the property as encumbered.
- D. The paragraph on page 1 beginning, “The opinion of value expressed below” requires that the Appraiser show the total number of pages in his report in order to avoid inadvertent loss of pages or the possibility of any fractional use of the report. The number of pages shown here is the total page count of the appraisal report, including the Addenda, but excluding the Reviewer’s copy of the Title Report and appraisal assignment/contract/task order.
 - E. The paragraph on page 1 beginning, “I made a personal inspection” requires the appraiser to list all dates on which the subject property was inspected.
 - F. The paragraph on Page 1 beginning, “The Date of Value for this property” requires the appraiser to insert the Date of Value. The Date of Value is the most recent date of property inspection by the appraiser.
 - G. The paragraph on page 1 beginning, “Per the Fair Market Value definition” is designed to display the final conclusion of the Appraiser. In the case of a total acquisition, the words “total acquisition” are inserted in lieu of a remainder value, and the third blank line is ignored. If a two-premise appraisal is required, insert the conclusions for “Premise 2” immediately to the right of those for “Premise 1,” and label both appropriately; or include two Page 1s, one labeled Premise 1 and the other labeled Premise 2.
 - H. The “Date of Contract” is the date on which the contract or task assignment was approved by WSDOT. Dates of approval of any and all assignment or contract revisions are listed in order by date under the original contract date. Staff Appraisers use the date of assignment.
 - I. Appraisers complete the certificate by inserting their name and Washington State appraisal certification number and signing and dating the form.
 - J. “DO NOT WRITE BELOW THIS LINE.” – This space is for region and Headquarters use only. The only marks in this space are the date of receipt of the appraisal in Region and in headquarters. Date stamping in this space is accomplished by department personnel to show the actual dates of receipt by WSDOT.

A4-5.3 Page 2 – Assignment Scope of Work/Eminent Domain Appraisal Information and Definitions

Under 49 CFR Part 24, WSDOT is required to take an active role in developing the scope of work expected. This page outlines the Scope of Work required in the report as prescribed by state and federal standards. Also included are eminent domain appraisal definitions and special assumptions. The purpose of this page is to inform the user of the report of the Scope of Work expected from the appraiser. It is the responsibility of the appraiser to develop a complete Scope of Work and produce a credible appraisal report. The appraiser's Scope of Work is included in Section 5 of the report.

A4-5.4 Page 3 – Assumptions and Limiting Conditions

This information is generally standard and has been created to fit specific WSDOT requirements but should be revised to fit the particular appraisal problem or assignment.

A4-5.5 Subject Plot Plan and Photos (RES-207)

This printed form includes the following:

- A. **Sketch** – A plot plan sketch of the whole subject property is required. The sketch should assist the reader in visualizing the parcel and the scope of the related appraisal considerations. The minimum pictorial requirements itemized on the form require showing the entire subject, including perimeter dimensions and parcel area. All street frontages are identified. All pertinent improvements and other significant features of the property are shown in their approximate locations, including alleys, roadways, and easements. The dimensions of the improvements are shown. The geographic orientation of the property is identified by means of a north directional arrow.

The sketch may be drawn electronically. However, a copy of a “reduced print” size of the right of way map clearly depicting the subject and surrounding properties may be used.

The location from which each subject photograph was taken is identified along with the photo number and the direction the camera lens was pointing. In the case of a partial acquisition, the limits of the proposed right of way are shown. The remainder dimensions and area are shown. Any restriction of access is shown by pictures. If road approaches are to be permitted, they are shown in their approximate locations. More than one sketch may be required for clarity in some situations. Where this is necessary, a sketch of each major building/improvement, with dimensions, lying in the acquisition area is required. Additional sketches may show the remainder details or an enlargement of a portion of the total parcel. All sketches shall carry sufficient identification to pictorially indicate the relationship of the sketches to each other. When an alternate remainder evaluation is required, a sketch of the remainder is included in the Addenda of the report.

- B. **Photographs** – Each appraisal report includes a sufficient number of photographs, properly identified and taken at various angles to show significant features of the property, especially the improvements, and the acquisition area.

A4-6 Narrative Appraisal Report

A4-6.1 Item 1 – Owner

The names of all current owners are shown. Where certain parties are contract purchasers, life estate owners, tenants, etc., so indicate.

A4-6.2 Item 2 – Address (or Location) of Subject Property

The address of the property is shown, or if an address is nonexistent or does not readily reveal a specific geographical location (as in the case of a rural postal route and box number), the location of the property is described by reference to names of streets, roads, highways, and distances from describable landmarks.

A4-6.3 Item 3 – Legal Description

Insert legal description provided in the title report. If the legal description is lengthy, the appraiser indicates so and includes the entire legal description in the Addenda of the report.

A4-6.4 Item 4 – Delineation of Title

All transfers of the property occurring within the previous five years are reported in this section. Each transfer is tabulated in order of occurrence showing the grantor, grantee, date of sale, Auditor's volume and page, confirmee, and the sale price as follows:

FROM TO DATE BOOK/PAGE CONFIRMEE CONSIDERATION

Following each sale, state an opinion on whether the sale can be considered as evidence of value. If it can, the sale information and the Appraiser's analysis thereof are reported on the Market Data form ([RES-210](#) and [RES-210B](#)) and included in the report. If the sale cannot be considered, the Appraiser explains why in detail.

A4-6.5 Item 5 – The Appraisal Problem and Appraisers Scope of Work

The purpose of all appraisals is to estimate the "fair market value" which is defined on Page 2. In the case of a "total acquisition," the purpose of the appraisal is to estimate the market value of the entire ownership. In the case of a "partial acquisition," the purpose of the appraisal is to first estimate the market value of the entire ownership and second to estimate the market value of the remainder. The difference between the two values is then to be analyzed (by the Appraiser) as to the allocation of the value differential to real property acquired and damages or special benefits to the remaining real property and property rights.

The Appraiser states any extraordinary assumptions and limiting conditions that are necessary to the background of the evaluation of the whole ownership before acquisition. Special legal opinions are secured from WSDOT or instructions furnished by WSDOT are mentioned here.

Encumbrances shown on the title report which have an effect on market value are listed by encumbrance number as shown on the title report.

A4-6.6 Item 6 – Property Rights to Be Acquired and Effects of Acquisition/Project

The purpose of this item is to explain the principal problems presented by the particular parcel in estimating market value and, in the case of a partial acquisition, to explain the principal differences in character and amenity between the parcel before the acquisition and the portion remaining after the acquisition.

The Appraiser begins by explaining what property and rights are to be acquired. This is done in very general terms because the description of the before situation in Section 7 and the description of the remainder in Section 10 and the itemization of rights being acquired in the summary of conclusions are to be very comprehensive on this point. By the Appraiser's first explaining the significance of the differences between the before and the remainder circumstances, he can more effectively focus the reader's mind on the more important value considerations. The areas in acres or square feet of both the before and remainder are noted. If the acquisition will include the acquisition by the state of easement rights, the area, type, and effect of such easement are stated and taken into consideration in the evaluation of the remainder. If more than one value premise is necessary, an explanation of each premise is given here. If it is determined that items such as trade fixtures, machines, equipment, or other items of a more or less personal nature are to be included in the evaluation of a property, those items should be listed on the Personality/Realty report in section 14 of the appraisal. If said items are tenant owned, they are evaluated separately as to both the fair market value which said item(s) contribute to the fair market value of the whole property and the value of the item(s) for removal (salvage value). A specialist report may be required to provide this value.

A4-6.7 Item 7 – Description of Subject Property

Under this heading, a description of the neighborhood and economic influences in force are given. The economic position of the appraised property relative to the neighborhood is explained.

- A. **Present Use** – The use or uses the property is presently serving are stated.
- B. **Accessibility and Road Frontage** – Existing road or street patterns serving the property, existing property frontages, road approaches, grade differentials between the property and road frontages, existing access restrictions imposed by deed, title, police power, or nature are described.
- C. **Land Contour and Elevations** – A word picture of the “lay of the land” is given here.
- D. **Land Area** – Total ownership area in acres or square feet as noted within the ownership block on the plan sheet. The appraiser must reference any area differences between the R/W plans and recorded plats, surveys, assessor's data, owner information, etc.
- E. **Land Shape** – The general shape and dimensions of the ownership are included.

- F. **Utilities** – Public and/or private utilities (sewer, water, gas, electric power, etc.) available to the property, their locations, and quantities are included.
- G. **Present Zoning** – The zoning and jurisdiction as of the date of appraisal is stated in words, not codes, for example: “Multi-residential, minimum area 7,200 square feet, Pierce County.” Also, any restrictions on the use of the property are explained, e.g., setback requirements, and minimum on-site parking requirements.
- H. **Highest and Best Use of Land If Vacant** – In determining highest and the best use of the land, the Appraiser assumes the land to be vacant and available for its highest and best use even though it may not be actually vacant. He tells what use is the best for the land, ignoring any improvements, and why that use is the highest and best for this particular tract. The four tests of the highest and best use analysis are employed and discussed, with a reasonable conclusion supported by the analysis. Some parcels require value studies under more than one use assumption in order to support the conclusion. Any such study is explained in this paragraph. When the most logical use is not allowed under existing zoning, the Appraiser determines the reasonable probability of securing a zoning change.
- I. **Improvements** – If the subject is improved, each of the improvements is named and identified on the sketch of the report. Each improvement is described, including age, construction, and general condition.
- J. **Specialty Items** – These are items identified prior to appraisal as real estate equipment, real estate trade fixtures, crops, etc., and are to be identified in this section and in the Personalty Realty Report in section 14. The owner(s) of the item(s) must be identified here also. In most cases, a specialist’s report evaluating the items is provided to the Appraiser at the time of assignment. The value of a specialty item is not arbitrarily added to the valuation of the other realty but is considered as any other basic data by the Appraiser in estimating the fair market value of the whole property.
- K. **Real Estate Tax** – The dollar amount of the real estate tax is shown as well as the assessed value and current tax rate.
- L. **Assessments** – The dollar amount of any assessments against the property at time of appraisal and pending assessments are indicated.
- M. **Existing Lease or Rental Data** – If the property is under a lease or rental agreement, the Appraiser investigates and reports the details of the encumbrance. Whenever possible, the Appraiser also obtains owner-tenant agreement copies and includes them in the Addenda. In the case of residential property where improvements are acquired or damaged, the Appraiser estimates economic rent for the property and what the rent includes.

N. Highest and Best Use of the Whole Property as Improved

1. If the property is improved, the current highest and best use of the parcel is stated and explained. If it appears that the land is not developed to its highest and best use because of the improvements thereon, the Appraiser bases his decision on highest and best use for the total property on whether the value of the property as improved is greater than the value of the land if vacant. It may be necessary to prove highest and best use through appraisal techniques which reflect comparisons of values from alternate use premises. Interim use is to be noted and discussed.
2. If the property is vacant (unimproved), "Vacant" is stated under this heading. (See paragraph H of this item)
3. Evaluation of private property does not include value derived from the illegal use of state right of way for the conduct of adjacent businesses or any other illegal use.

A4-6.8 Item 8 – Approaches to Value

In this section the appraiser explains why the specific approaches to value were used or not used.

A4-6.9 Item 9 – Property Valuation Before**A. Site Analysis and Evaluation****Rules**

The most reliable evidence of the value of the site is recent sales of similar sites. Since no two tracts are identical, adjustments to the sale price of comparable tracts may be required to develop an indication of value for the appraised site. An analysis of each comparable sale is required to reasonably develop and explain an indication of value for the subject based on the attributes. The evidence of any necessity to adjust is present in the market and is illustrated in the appraisal report.

The employment of the hypothetical subdivision to develop raw land value may be introduced to support the market data and to illustrate the amount of money a prudent purchaser would likely pay for raw subdivision land. However, due to the many variables and speculative elements, the estimate of value is never based solely upon such a hypothesis.

The comparative approach is based on the principle of substitution. Each comparable sale used in this approach must be sufficiently similar to the property to be considered as a substitute property or to bracket the value of the subject property.

The validity of the value conclusion drawn from this approach is in direct relation to the sufficiency and comparability of the data. Sales data must be of sufficient quantity and quality to give the value conclusion a solid base. To the extent that adjustments are needed in the sales analysis, the validity of the entire approach is brought into question.

Procedures

1. Sales Comparison Approach, Site Evaluation

- a. **Scope of Data Search** – Discuss the Data Search, including the specific time periods and geographical or neighborhood parameters utilized to research market data. Identify the sources and/or data bases utilized and the interviews or discussions employed to ascertain subject property details or market data.
- b. **General Discussion** – Here the Appraiser lays the groundwork for the comparative analysis by a statement of the extent of his search, the sufficiency and comparability of existing data, and the general value bracket within which subject will fall.

Sales that are comparable are listed, identifying each by the sale number of the pertinent Market Data forms (RES-210 and RES-210B) in the Addenda. A format similar to the following is used at this point in the report:

SALES NUMBER	GRANTOR/ GRANTEE	LAND AREA	SALE DATE	SALE PRICE
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- c. **Comparative Analysis** – Ideally, sales used are so closely comparable as to make adjustments unnecessary when equating them to the property being appraised. However, because such close comparability rarely exists, a narrative comparative analysis of each comparable sale is made explaining how the sale relates to the subject with regard to those features that tend to influence market value. It is recognized that within comparable properties there may exist many items of dissimilarity to which the market does not react and for which adjustments are not attempted.

If market investigation shows an adjustment to be necessary, then each significant element of difference between the comparable and the subject is explained separately on its own particular merits, with an indication as to its value differential made either on a dollar or percentage basis. When there is a lack of market support for adjustments, sound and consistent reasoning in the comparison of each item of difference may be acceptable. In this latter instance, a greater number of sales should be used in order to bracket the subject characteristics and broaden the scope of value evidence. When adjustments are made:

As the number of adjustments or size of any single adjustment increases, the validity of the sale as a “comparable” is reduced.

Although a comparative analysis chart or “grid” may be an aid to the Appraiser and a help to the reader, a complete narrative comparative analysis of each sale is required.

d. **Correlation and Conclusion of Land Value by Sales Comparison Approach** – The several comparisons should result in close indications of the value of the property being appraised. In this section these indications are correlated into a single indication of value of the site by the comparative approach.

2. **Income Approach, Site Evaluation** – Certain types of land do not lend themselves to the use of the income approach because such land is not typically leased or rented.

When sufficient rental and/or leasing data are available with which to establish a sound basis for the income approach, the Appraiser analyzes and processes such data here.

3. **Correlation and Final Conclusion, Land Value** – The appraisal report now explains how the Appraiser has weighed the indications of value, what specific value the total of the market data tends to indicate to the subject, and why the market data indicates said specific value.

B. **Approaches to Value, Whole Property**

Rules

If the site is improved, the value of the affected improvement is based upon its contribution to the value of the whole property (except for tenant-owned realty items). All three commonly accepted approaches to the estimate of value, including supporting units of comparison, are employed as applicable. If one or more approaches to the estimate of value are omitted, the Appraiser states the reason for each omission.

The sales comparison method of presenting market value evidence is the method most acceptable to WSDOT and to the courts and juries. The greatest reliance is usually placed upon market comparison. Sufficient highly comparable data is analyzed to provide a sound basis for the conclusion drawn from this approach. The authenticity of the entire approach is directly proportional to the sufficiency and comparability of the data obtained and the accuracy with which it is analyzed.

There may be situations where the improvements on the subject property are not affected in any manner by the acquisition. A specific instruction from the Region Appraisal Supervisor is required when such improvements do not need to be appraised. A copy of those instructions is to be placed in the Addenda to the report.

Procedures

1. Sales Comparison Approach

- a. **General Discussion** – The Appraiser lays the groundwork for the comparative analysis by a statement of the extent of his search, the sufficiency and comparability of existing data, and the general value bracket within which subject will fall.

Sales and offerings that are comparable are listed, identifying each by the sale number of the pertinent Market Data forms (RES-210 and RES 210B) in the Addenda. A format similar to the following is used at this point in the report:

SALES NUMBER	GRANTOR/ GRANTEE	LAND AREA	SALE DATE	SALE PRICE
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- b. **Comparative Analysis** – Ideally, sales used are so closely comparable as to make adjustments unnecessary when equating them to the property being appraised. However, because such close comparability rarely exists, a narrative comparative analysis of each comparable sale is made explaining how the sale relates to the subject with regard to those features that tend to influence market value. It is recognized that within comparable properties there may exist many items of dissimilarity to which the market does not react and for which adjustments are not attempted.

If market investigation shows adjustment to be necessary, then each significant element of difference between the comparable and the subject is explained separately on its own particular merits, with an indication as to its value differential made either on a dollar or percentage basis. When there is a lack of market support for adjustments, sound and consistent reasoning in the comparison of each item of difference may be acceptable. In this latter instance, a greater number of sales should be used in order to broaden the scope of value evidence. When adjustments are made:

- As the number of adjustments or size of any single adjustment increases, the validity of the sale as a “comparable” is reduced.
 - Although a comparative analysis chart or “grid” may be an aid to the Appraiser and a help to the reader, a complete narrative comparative analysis of each sale is required.
- c. **Correlation and Conclusion by Sales Comparison Approach** – The Appraiser explains how he has weighed the various indications of value, what conclusion of value has been reached, and why the evidence supports such conclusion.

2. **Income Approach** – Value conclusions reached through the income approach are valid only in direct relationship to the sufficiency and comparability of the data available and the accuracy and care with which such data are analyzed and processed. The Appraiser properly analyzes sufficient comparable data to provide a sound basis for the conclusion drawn.

Economic rent and expenses, as well as interest and capitalization rates, are supported by market evidence adequately portrayed in the report.

3. **Cost Approach** – The cost approach reflects either the depreciated replacement cost new or the depreciated reproduction cost new of the subject structure. The Appraiser gives the reason for his particular selection.

Cost New – In condemnation appraisals in Washington State, cost new is generally expected to be reproduction cost rather than replacement cost. While cost service manuals, cost estimators, or contractors may serve in support of an Appraiser's estimate of costs, most valid evidence lies in the market facts of known costs of construction of like or similar structures within the subject or competing areas.

Accrued Depreciation – The department will accept either of two methods of measuring accrued depreciation (a) the breakdown method, and (b) the market method. Of the two, the market method is preferred whenever its use is possible.

The Appraiser includes his analysis and explanation of accrued depreciation.

- C. **Correlation of Value Indications From All Approaches** – The three approaches should produce indications of value within a reasonably narrow range.

In the correlation, the Appraiser explains why and how he arrived at the final estimate of value. The values that have been indicated by each approach and the reliability and relative merits of each are explained.

A4-6.10 Item 10 – Remainder Evaluation

- A. **Assumptions and Limiting Conditions** – The Appraiser assumes that the transportation facility will be constructed in accordance with the present project plan within the reasonable future. This is a hypothetical assumption under USPAP. Any assumptions applicable to the remainder are stated.

Legal opinions and special instructions that are applicable are stated, including a statement explaining the basic premise being employed. All title encumbrances that will pertain to the remainder are stated and whether or not and why each such encumbrance has an influence on the market value of that remainder. Any access restrictions to be imposed by the state are explained. Note whether and where road approaches are to be constructed by WSDOT. Project engineer's station numbers are used on the right of way plan to locate permitted road approaches.

- B. **Neighborhood Factors** – State the environmental conditions which will be significant to the remaining property. Describe and explain what trends will probably influence the future of the property being appraised. Describe the proposed transportation facility in relation to the property.
- C. **Description of Subject Remainder** – The remainder (that portion of the property remaining after acquisition of the right of way or materials site) is viewed as an entirely new property to be appraised. The types of data required to describe the remainder property are similar to that outlined in the “before” appraisal. Of particular importance to the department is (1) the presence and/or availability to the property of typical and any special utilities, and (2) the highest and best use of the remainder.

Improvements remaining in whole or in part on the remainder are noted.

Improvements remaining in part are assumed to be either rehabilitated in place or removed, whichever is feasible.

Note: An exception to requirements stated herein may be made when any item of the remainder is identical to that already described in the before situation. In such event, the Appraiser states: “as previously reported and described on page”

- D. **Valuation of Property Remaining** – As stated in Item 3, the valuation of the remainder is a new appraisal. In those cases where the portion acquired was of little significance to the total property, the remainder may be so nearly like the “before” situation that the same basic sales, income, and cost data are referenced and employed in new comparative, income, and cost approaches.

On the other hand, if there is a change in the basic physical and economic nature of the remainder, including a change of highest and best use, or any variety of circumstances creating damages or benefits to such remainder, new supporting data and explanations of evaluations are introduced.

WSDOT normally acquires improvements which straddle the right of way line and may sell the salvage rights thereto or may remove the improvements leaving the remainder in a neat and orderly condition.

To support a rehabilitation hypothesis, in the case of an alternate remainder evaluation, the Appraiser will include in the Addenda a plot plan of the remainder, showing the rehabilitated improvements in sufficient detail to enable the reader to visualize the Appraiser’s specifications. The specifications must reflect those of a prudent person and need not include total replacement of all the features present in the “before” instance. In evaluating a remainder under this premise, the highest and best use of the land will have a significant bearing on the feasibility of assuming rehabilitation.

If a permanent easement or temporary easement is imposed on the remainder by WSDOT, its terms are supplied to the Appraiser by the Region’s Appraisal Supervisor. This information will consist of the area involved, the duration of the encumbrance, and the type of encumbrance. The value of the remainder is then estimated and reported, as encumbered, by the Appraiser. Market data is not always available with which to evaluate property subject to a particular type of encumbrance; however, this fact does not relieve the Appraiser from the obligation of making a search

for supporting data. All available data is analyzed and reported together with the reasoning that led to the conclusions reached.

The three approaches to value support the final conclusion of value. If an approach is not applicable, the narrative explains why it is not applicable. The valuation follows the same format as required in the “before” situation. If the same market data used for the “after” valuation were used for the “before” valuation, the appraiser explains and supports any different adjustments.

Note: A breakdown of the indicated value of the remainder is required in Section 12, Summary of Conclusions, regardless of the appraisal methods employed. If an easement is being acquired, the area and resultant unit and total value is set out on this form.

E. Recapitulation

1. A breakdown is required of each of the following: the value before acquisition, the value of the remainder, and a breakdown of the difference between the “before” and “after” values. On total acquisitions, only a breakdown of “before” value is required. (This page is for a tabulation of certain specific data for WSDOT use and does not necessarily represent the methods of appraisal or the techniques employed.)
2. If more than one value premise is necessary, a separate Summary of Conclusions is inserted for each premise. They are respectively labeled “Premise 1,” “Premise 2,” etc., in the lower right-hand corner above the parcel number.

The following statements are completed as worded:

- a. Value of property “before” acquisition \$_____
- b. Value of property “after” acquisition \$_____
- c. Difference between “before” and “after” values \$_____ (Subtract b. from a.)

Note: The difference between the “before” and “after” values is set forth in Section 12, Summary of Conclusions, and broken down into the types of information required by the form.

A4-6.11 *Item 11 – Explanation, Measurement, Supporting Data, and Allocation of Damages Cost to Cures and Special Benefits*

Damages as such are not appraised. The Appraiser appraises the property before acquisition and again as it will exist after the acquisition. The conclusions reached are fully documented and supported. An explanation and comparative analysis is made of the difference between “before” and “after” values, isolating and properly allocating any dollar difference to the value of the part acquired and the compensable damages and benefits.

When it is found that damages may be mitigated in whole or in part by a cost-to-cure item, it must be demonstrated that the cost-to-cure item is economically justified. The cost to cure cannot exceed the amount of damage which would accrue without such cure. In the event that firm bids for cost-to-cure items are needed, the Region’s Appraisal

Supervisor secures such bids and furnishes them to the Appraiser for his analysis and inclusion within the appraisal report. As a minimum all cost-to-cure estimates must be supported with market data, costs from local suppliers, or cost estimates from a recognized cost estimating service.

Explanation of Special Benefits

Under this heading a narrative explanation brings out why and how the property enjoys special benefits. The amount of benefits are to be shown in terms of dollars or the narrative explains that there is no special benefit. In Washington State, any special benefit that accrues to the remaining property by virtue of the state's highway improvements is offset against both damages and the value of the property acquired.

A4-6.12 Item 12 – Summary of Conclusions

Summary of Conclusions (RES-206)

- A. A breakdown is required of each of the following: the value before acquisition, the value of the remainder and a breakdown of the difference between the “before” and “after” values. On total acquisitions, only a breakdown of “before” value is required. (This page is for a tabulation of certain specific data for WSDOT use and does not necessarily represent the methods of appraisal or the techniques employed.)
- B. If more than one value premise is necessary, a separate Summary of Conclusions is inserted for each premise. They are respectively labeled “Premise 1,” “Premise 2,” etc., in the lower right-hand corner above the parcel number.

A4-6.13 Item 13 – Report of Contact With Owner

Report of Contact With Owner (RES-204)

As required by [RCW 8.26.180\(2\)](#) and [49 CFR Part 24.102\(C\)\(3\)\(f\)](#) every property owner or his designated representative shall be given the opportunity to inspect the subject property with the appraiser. Every effort must be made to assure that the property owner has this opportunity. A joint inspection may answer many questions for the appraiser such as the location of utilities, the owner's concerns about the project, etc. The appraiser should be flexible in his or her schedule in order to accommodate the property owner. If contact cannot be made by telephone, the appraiser may send a letter explaining the need for the inspection and inviting the owner to join in the inspection. The letter shall be sent “Return Receipt” in order to document the attempt for contact.

Where the acquisition affects major improvements or businesses, the appraiser is required to include the review appraiser and a relocation assistance agent in the joint inspection.

If the acquisition includes improvements, the appraiser completes the Realty/Personal Property Checklist Report, based on identification of such items with the property owner, relocation assistance agent, and the review appraiser. This Checklist also allocates the ownership of the items mentioned.

This form provides a record of contact and/or attempts to contact the owner(s) of the property. Under “comments” the Appraiser mentions any salient features of the property and any special concerns voiced by the owner at the time of joint inspection. Such factors

may or may not influence property value; however, prior knowledge of the owner's concerns may be of aid to the acquisition agent.

The following information should be obtained during the owner interview (as applicable) and reported on the owner contact form.

- Establish/Verify ownership of the property.
- Ask about most recent property purchase/history/price.
- Identify and establish ownership of items of realty and personalty.
- What improvements have been made to the subject since the purchase?
- Is there a tenant? What are the terms of the lease?
- Ascertain if the plat of the whole property is correct.
- Ask permission to measure improvements.
- Ask permission to photograph.
- Inventory items in the acquisition area.
- Ask if owner knows of other comparables in the area.
- Ask if the owner understands the nature of the acquisition.
- What are concerns that the owner has regarding the project and acquisition?

A4-6.14 Item 14 – Personality Realty Report

Improved Property Checklist – If improvements are being acquired, the appraiser attaches a copy of the appropriate Realty/Personalty Checklist. If the property is residential, then the Residential Realty/Personal Property Checklist is attached ([RES-217](#)). If the property is Industrial or Commercial, then the Commercial/Industrial Checklist is attached ([RES-218](#)). These forms are available on the WSDOT Real Estate website at www.wsdot.wa.gov/realestate.

A4-6.15 Item 15 – Addenda

Market Data Map – Each appraisal report contains a map of suitable scale on which is shown (by sale number) the location of each “Market Data” cited in the report. The location of the subject property and north arrow are also shown. Note the sales map must be of a scale and quality that the sales can be located on the ground by the user of this report.

Market Data ([RES-210](#) and [RES-210B](#))

All recent sales and offerings of nearby properties are studied and considered. Sufficient sales evidence (market data) is included in the report to provide a sound basis for evaluation of both the “before” and “after” situations of the property. WSDOT considers three sales as the minimum market evidence to support the least complicated bare land evaluation. The amount of data needed is in direct proportion to the number of property elements for which market analysis is required.

Market data may be offered to the Appraiser by the department in connection with an appraisal assignment without obligation on the part of WSDOT and without absolving the Appraiser from the professional responsibility for verification and further independent analysis of any and all pertinent data. WSDOT data is furnished without an analysis in

order to avoid any action that might reduce the independence of an appraisal estimate.

The proper reporting and analysis of sales data is the foundation of a properly documented appraisal report. Appraisals made for WSDOT must contain sales data of adequate quality and quantity to demonstrate that the Appraiser has arrived at the conclusion of value as the direct result of a careful analysis of the current market. WSDOT holds that where market data is weak in comparability a greater than usual volume of data must be analyzed.

Procedures

- A. Complete the Market Data forms ([RES-210](#) and [RES-210B](#)) as follows:

Item 1 – Address or Location

The house number, street, and city are shown; or if none, the county is named with an explanation of how to locate the property by road names, directions, and distances from cities and crossroads or other conventional landmark references.

Item 2 – Photograph and Sketch

Digital photographs of each sale property are inserted electronically on the second page of the Market Data form. If nondigital photographs are used, they are securely attached to the second page of the Market Data form. This provides the reader with a clear picture of the property. This requirement applies to both vacant and improved properties. Suitable print sizes should be obtained or prints should be trimmed to fit the space on the form.

The name of the photographer and the date taken are filled in on the form in the spaces provided.

A small-scale plot-plan sketch of the property should be shown in the space under the photograph. Dimensions of the site, road or street frontages, improvement location, alleys, easements, north arrow, photo directional arrow, and any other relevant information are included on the sketch. If insufficient space is provided on the form for an understandable sketch, the Appraiser places the sketch on an additional page with consecutive numbering, and inserts “see next page” on the Market Data form. The additional sketch page is also identified by the number of the comparable sale, parcel number, and the Appraiser’s name.

Item 3

All data is reported as it pertains to the property at the time of the sale. Changes that have occurred since the sale are described under ITEM (5).

Item 3a – Access

Examples: “Unrestricted,” “Restricted direct to frontage road only,” etc. This point may require clarification under ITEM (5).

Item 3b – Present Use

Examples: “Vacant,” “Industrial,” “Commercial,” “Business,” etc., (at time of sale).

Item 3c – Highest and Best Use

Examples: “Residential,” “Multifamily,” “Commercial,” “Industry,” etc.

Item 3d – Zoning

Zoning on the date of sale is stated in words, not codes, including jurisdiction.

Example: “Multiresidential, Minimum 7,200 square feet, Pierce County” specifying special requirements such as setback, etc.

Item 3e – Dimensions

Dimensions of the land sold are shown. Example: “Irregular, 1,320 feet frontage x 1,900 feet average depth.”

Item 3f – Area

Square footage or acreage of the sale property are indicated.

Item 3g – Sale Date

The date of closure of a closed sale; the date of acceptance of an earnest money datum; and the dates of exposure on the market for an offering.

Item 3h – Price

This is the actual confirmed price at which the property sold. Nonrealty included in the sale price is explained under ITEM (5) and the substantiated dollar amount broken down in ITEM (6) with explanation of the source and reliability of the value information on which the breakdown was made.

Item 3i – Instrument

The type or kind of conveyance is identified (e.g., Warranty Deed, Real Estate Contract).

Item 3j – Terms

Any sale terms which were a matter of the seller’s consideration and his acceptance are reported. If the transaction was for all cash (full selling price) to the seller, the word “Cash” is inserted. If the sale was not all cash to the seller, the details are explained. When the market exhibits a cash equivalency adjustment, it is properly discussed in ITEMS (5) and (7).

If additional space is required to report and explain the terms of the sale, it is reported under ITEM (5) of the market data sheet or on a supplemental page following. Such a supplemental page is identified by the number of the comparable sale, parcel number, Appraiser’s name, and consecutive page number.

Item 3k – Excise Tax Number

The serial number of the Excise Tax Affidavit is inserted here.

Item 3l and m – Grantor/Grantee

Names of buyer and seller are shown the same as they appear on the instrument which gives evidence of the transaction. If insufficient room exists on the form because of an extremely long name, it may be placed under Item 5.

Item 3n – Confirmed With (Names/Dates)

Whenever possible, all information concerning a comparable sale is confirmed by personal interview with both the buyer and the seller. The first and last names of the confirmees, phone number of confirmee, and the date of confirmation are shown. If the comparable sale is to be accepted as valid evidence of value, it is essential that it be confirmed by interview with either the grantee or grantor. If an unconfirmed sale

is used, there must be a full explanation of the attempts to confirm. In this case the Appraiser should at least talk to the broker. In all contacts face-to-face conferences should hold precedence over telephone confirmation.

Item 3o – Confirmed By

The name of the individual who confirmed the sale is inserted.

Item 3p – Date Inspected

The date the sale was inspected is inserted.

Item 4 – Legal Description

In cases of very lengthy legal descriptions, the legal description used in the county tax rolls may be shown. Tax lot numbers are acceptable.

Item 5 – Property Description

The property is described as it was at the time of the sale, with notations of changes that have taken place since the sale.

Item 6 – Analysis

The sale property is analyzed and the sale price of the real property is broken down into all of the elements.

The purpose of extraction is to inventory the physical items included in the sale and allocate to them the portion of the sale price attributable to each item.

B. Special Instructions, Charts, and Illustrations

1. When the Appraiser has received special instructions from the Appraisal Supervisor, a copy of such instructions is inserted.
2. A copy of any specialist's report, legal opinion, etc., is inserted.
3. At the Appraiser's option, or as required by WSDOT, other maps, charts, or illustrations relevant to an understanding of the appraised property and the evaluation are inserted.
4. The Appraiser lists the names of all supporting Appraisers and makes a statement of the extent of their assistance in the appraisal and report.
5. A complete copy of the Title Report and the Staff Appraiser Assignment Form/ personal services contract/task order is included in the Reviewer's copy of the appraisal report only.

A4-6.16 Tab D Abbreviated Appraisal Report

- A. **Rules** – The Abbreviated Appraisal Report ([RES-213](#)) is authorized for simple acquisition. This format will only be assigned for appraisals of a less complex and straightforward nature. Appraisals involving severance damages, special benefits, proximity damages, and other complex issues will not use this format. The brevity of this format does not relieve the Appraiser from the responsibility for researching the market and developing sound value conclusions; nor does it diminish the need for building an adequate file of information and market data that might become essential in a future action such as condemnation.

B. Procedures

1. Certificate of Appraiser ([RES-205](#)) is completed in accordance with Tab C, Section 1.B is completed as follows:

Item 1 – Owners name is inserted.

Item 2 – Location of the property is shown by street address or described by reference to streets, roads, highways, and/or distances to landmarks.

Item 3 – Before and after areas from the right of way plan are inserted.

Item 4 – Amount of acquisition area is inserted and if an easement is to be acquired the type of easement is inserted along with the area of the easement.

Item 5 – The current use, zoning (spelled out, no abbreviations), and highest and best use are inserted.

Item 6 – A brief description of the scope of work and the appraisal problem along with the effects of the acquisition are entered.

Item 7 – Specific sales relied upon are listed here and the date of the sales data package is entered.

Item 8 – Indicate whether the subject has sold within the last five years and if it is included in the data package.

Item 9 – The various components of the acquisition are itemized under Acquisition Compensation along with the estimated value for each.

Item 10 – The parcel number is inserted in the space provided.

2. Page 3 is completed as follows:

Item 1 – A sketch of the entire property is placed here. The sketch is to show the dimensions of the property and the acquisition area, camera location for each picture, frontages, accesses, North arrow, and approximate location of any improvements.

Item 2 – A minimum of two photos are included showing the acquisition area and the whole property. The photos are numbered to correspond to the sketch's camera location.

Item 3 – The parcel number is inserted in the space provided.

3. Page 4 is completed as follows:

Item 1 – Briefly describe the property's physical features including all elements that might relate to marketability (e.g., access, size, utilities, location, and economic factors), any improvements, and an explanation if highest and best use is different from the zoning or current use.

Item 2 – Briefly analyze the sales used as they relate to the subject comparing the factors that influence value. Correlate the sales into a final conclusion of value.

Item 3 – Include any cost-to-cure items in this space and indicate what the support was used for the cost. A short statement on the financial feasibility of the cost should also be included.

Item 4 – The owner contact section is filled out and any relevant comments made by the owner are included.

Item 5 – The parcel number is inserted in the space provided.

4. Page 5 is a copy of the contract or appraisal assignment form.

A4-6.17 Tab E Project and Strip Appraisal Procedures

A. Project Appraisals

1. **Rules** – A Project Appraisal is a process which consolidates a related group of individual parcel appraisals in order to prevent duplicating Addenda items such as Market Data ([RES-210](#) and [RES-210B](#)), sales maps, neighborhood descriptions, general exhibits, assignments ([RES-204](#)) and/or contracts, trend studies, etc. Use of this method also promotes consistency and efficiency. The format used in project appraisals can be either the Narrative Appraisal Form Report ([RES-208](#)) or the Abbreviated Appraisal Report ([RES-213](#)) as long as each parcel is separately appraised and the procedures required for each form is followed. This procedure must be authorized on the assignment ([RES-203](#)) which will be included as a part of the Project Appraisal Addenda.
2. **Procedures**
 - a. The Appraiser conducts a market investigation and prepares Market Data ([RES-210](#) and [RES-210B](#)) as described in Section V. These data will be referred to by number, as applicable, in formulating the indications of value in each parcel's appraisal report.
 - b. The Appraiser prepares a vicinity map showing the locations of all the data as well as the project.
 - c. The Appraiser prepares a narrative neighborhood description discussing its uses and trends, economic factors, the proposed project, and the general effects of the acquisitions, etc.
 - d. The Appraiser completes an appraisal of each parcel as required in either Tab C (Narrative Appraisal Form Report) or Tab D (Minimal Value Appraisal Report) of [Appendix 4-1](#). For those parcels using the Narrative Appraisal Form format, comparative analyses and correlation of the sales cited are included in the body of each report.
 - e. The Appraiser completes any trends, damage, or cost studies needed for use on any of the appraisals in the Project Appraisal.
 - f. The completed project appraisal report is assembled as follows:
 - (1) Each parcel's individual appraisal report includes Certificate of Appraiser ([RES-205](#)), page 1, etc., and those items required for each respective appraisal format.
 - (2) The general addenda attached to the appraisal packet.

B. Strip Appraisals

1. **Rules** – Occasionally, strip acquisitions for transportation projects will occur where no major improvements are affected and there are no complex severance damages nor any special benefits to the remainder parcels. In these cases the acquisitions may be appraised as a pro-rata portion of the “before” land value rather than complete “before” and “after” evaluations; these appraisals are termed “Strip Appraisals.” The format used may be either the Narrative Appraisal Form or the Abbreviated Form. The only instances of damage that allow use of the strip appraisal method are:
 - a. Simple cost-to-cure damages such as fence or driveway replacement, etc.
 - b. Simple damages due to loss of utility when the acquisition is a permanent easement.
 - c. Simple damages due to temporary loss of utility when the acquisition is a temporary construction permit or trespass.

Use of the Strip Appraisal does not relieve the Appraiser from the responsibility for thoroughly researching and analyzing the market in developing value conclusions. Neither does it diminish the need for building an adequate file of information and market data which might become essential in future actions such as condemnation. Nor does it allow the Appraiser to neglect data comparison of the subject to the “larger parcel.”

2. Procedures

a. Narrative Appraisal Form Format

- (1) Page 1, Certificate of Appraiser ([RES-205](#)) is completed per Tab C; except that the “before” and “after” values are left blank and “Strip Appraisal” is inserted after the “VALUE DIFFERENCE” amount.
- (2) Summary of Conclusions ([RES-206](#)) needs only to be completed in the “acquisition section” and the “damages” section (when appropriate).
- (3) Photographs of All Principal Improvements and/or Features Affecting Value ([RES-207](#)) is completed per Tab C.
- (4) Narrative Appraisal Report Form ([RES-208](#)) is completed per Tab C, with the additional information added to Item 5c that states the appraisal problem is a strip taking, necessitating a strip appraisal. Only the affected improvements are evaluated per their contributory value in Item 5d. Any damage items are discussed and supported in Item 6.
- (5) Report of Contact with Owner ([RES-204](#)) and all Addenda items required per Tab C, Items F through K are attached.

b. Abbreviated Appraisal Report Format

- (1) Page 1, Certificate of Appraiser ([RES-205](#)) is completed per Tab C, except that the “before” and “after” values are left blank and “Strip Appraisal” is inserted after the “VALUE DIFFERENCE” amount.
- (2) The rest of the report uses the Abbreviated Appraisal Report (Form [RES-213](#)) as per Tab D, Items B through F; with the additional statement in “Appraisal Problem” on said form explaining the appraisal and method as a strip evaluation.

A4-7 Part III Revision of Appraisal Reports**A. Rules**

1. The HQ RESM retains a complete appraisal report concerning each parcel being appraised for the acquisition of right of way. All corrections or revisions to an appraisal are made by correction pages or supplemental sheets. All replaced pages from the original appraisal are retained in both Headquarters and Region parcel files. Replaced pages are removed from the Appraisal, marked VOID and fastened to the back of the revised appraisal report.
2. The Region Appraisal Supervisor requests a revision by letter for the purpose of:
 - a. Reconciling the date of evaluation to the date of acquisition in the following circumstances:
 - (1) Delayed negotiations, when Region Real Estate Services Manager (Region RESM) has reason to believe the previous evaluation does not reflect just compensation at the time of negotiations.
 - (2) Trial in Superior or Federal courts.
 - b. Obtaining correction to a previous evaluation, necessary because of Appraiser’s errors, omissions, or oversights.
3. The Region Appraisal Supervisor prepares a new personal services contract or staff assignment form when:
 - a. Revised right of way plans nullify the previously reported value evidence.
 - b. Legal instructions from the Attorney General Division nullify previous value evidence.
 - c. There is a new evaluation premise.
 - d. There are additional appraisal requirements.
4. A revision or correction of an appraisal report is made only by the Appraiser who developed the initial report.

5. In condemnation cases, when the court has set a definite date for trial, notice of the trial date is furnished by the Attorney General's Office to the region and to Headquarters. The assigned Appraiser(s) whose appraisal(s) has been approved for negotiations is directed by assignment or contract to update the appraisal and submit the revision to the Region Appraisal Supervisor no later than 45 days prior to the scheduled trial date.
6. All revisions for trial purposes are date stamped upon receipt in region, and the original is immediately transmitted to Headquarters.
7. All written requests for a revision should give the reasons for the revision. A copy of the request is immediately forwarded to Headquarters.
8. The due date of a revised appraisal is set out in the contract or letter.
9. The Appraiser delivers the original and the number or copies specified by the contract or staff assignment form of a revised appraisal report or correction or supplemental sheets to the Region.
10. A revised appraisal report nullifies the evaluation of the initial report and all prior revisions.
11. Compensation for the revision requested by the department is set forth in the personal services contract.
12. WSDOT is not obligated to pay for a revision to an appraisal which has not been authorized by contract.

B. Procedures

1. Upon receiving an assignment to update or revise, the Appraiser:
 - a. Contacts the Region Appraisal Supervisor to achieve a mutual understanding of the necessity to update and/or revise the prior appraisal report.
 - b. Acquires the current information concerning the right of way plan, construction features, title information, appraisal premise, and legal opinions pertinent to the appraisal.
 - c. Reexamines the market for all sales, rents, leases, costs, or other information that may be pertinent to the current evaluation.
 - d. Reexamines the parcel being appraised to ascertain current physical property conditions, fee interests, and property rights.
2. If investigation produces market data that changes the prior evaluation, the Appraiser submits the pertinent information in accordance with this Appraisal Report Guide ([Appendix 4-1](#)), either as a completely new appraisal or as correction and supplemental sheets to be incorporated into the prior appraisal. The Appraiser sets forth the reasons for the revision in "Purpose of Appraisal."

3. Revisions made by corrections or supplemental sheets may use any and all sheets of the previous appraisal that remain pertinent to the appraisal. All correction and supplemental sheets are identified by showing the revision number in conjunction with the page number. For example, Certificate of Appraiser (RES-205) would always require a corrected page. The correction would be indicated after the page number by typing "Revised" and the date of the revision. The same procedure is required on all corrected and supplemental pages.
4. Appraisal revisions submitted as a completely new appraisal report do not require the notation "Revision" to be typed after the page number since the prior appraisal report will be stamped "See Revision Dated . . ." to indicate there is a revised appraisal report.
5. Where the examination of the market indicates that no change of the previous evaluation is evident, the Appraiser informs the department of findings by letter addressed to the Region Appraisal Supervisor. The date of evaluation then becomes the date of the validating letter. The validating letter will be attached to a revised Certificate of Appraiser (RES-205).
6. Upon receipt of a revised report, correction pages, supplemental pages, or updating letter, the Region immediately date stamps the report and submits the original to Headquarters.