

ALDOT FORM APPRAISAL REPORT GUIDE (Rev. – 3/23)

The appraiser is to provide appraisals on the current appraisal forms and in the appropriate sequence (do not copy/mix pages from the 'Before' analysis in with the 'After' analysis for example). Failure to follow instructions will delay payment for services.

Quick Notes of Importance (read on for more details of what is required for each form)

- ***Appraiser is required to give the owner or representative of the owner the opportunity to inspect the property with the appraiser and document the process including dates***
- ***Actual measurements of all improvements are required***
- ***Structure sketches showing legible dimensions are required***
- ***Photographs of all improvements and the area of the acquisition are required***
- ***The date of value shall not precede the original submission date by more than twenty (20) days, except when the report is prepared for court.***

Purpose of Form

The purpose of the Form Appraisal Report is to provide a uniform appraisal format to be used for the appraisal of total or partial acquisitions of real property by the Alabama Department of Transportation for State Highway use. This form is intended to benefit both the user appraiser and the agency review process by serving as a guide in attempting to provide all of the appraisal requirements mandated by State and Federal Laws, Regulations, and Public Policies. **The appraiser is required to use the latest revised forms & reports.**

USPAP Compliance

All work for ALDOT requires compliance with USPAP. However, USPAP is not all encompassing from a regulatory standpoint. Government acquisition programs operate under specific laws and public policies which predate USPAP and which focus on eminent domain. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and Title 49, CFR Part 24 as published in the Federal Register is regulatory. Additional guidance is also provided in the Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book). Professional appraisal organization guidelines, USPAP and Government acquiring agencies all have the goal of safeguarding the interests of the public in all matters relating to appraisal activity within their sphere of influence. ALDOT requires strict compliance with USPAP in all of its real estate appraisal activity except where there is conflict with the laws of Alabama, the Uniform Act, Government-wide Regulation and public policies for government acquisitions. Users of ALDOT appraisal forms should become thoroughly familiar with the; Uniform Standards of Professional Appraisal Practice; Yellow Book; as well as the Alabama Code with regard to eminent domain. The *Jurisdictional Exception Rule* is provided by USPAP in recognition and acceptance of the preeminence of law and public policy in matters of conflicting appraisal requirements. ALDOT is not aware of any jurisdictional exceptions generally pertaining to any assignments for ALDOT, however, appraisers are to confer with the Central Office of ALDOT (in Montgomery) concerning any potential conflict they believe exists between their assignment with ALDOT and USPAP that would warrant the Jurisdictional Exception Rule. This is so the Client (ALDOT) and the appraiser can jointly determine if it is necessary for adherence to the part of the "law and public policy" in question. *Under no circumstances shall the appraiser unilaterally determine this.*

Function

This guide provides instructions intended to assist the appraiser in the proper utilization of each appraisal form listed below. The purpose of using these forms is to ensure a uniform process is applied to those whose land is being acquired and to expedite the review and approval process; using ALDOT forms is part of the scope of the assignment. **Please Note:** The appraisal forms discussed in the following sections of this guide are considered to be the current revision as found on the Right-of-Way Bureau website and the appraiser is required to use the latest revised forms & reports.

Preparation of ROW Forms

To be downloaded for use are all forms prepared and are offered in Microsoft Word as the individual pages, and also several pages are packaged together for different report types. Individual form pages can be added to (or deleted from) a 'report package'. **Please Note: THE FORM, CONTENT, ORDER, AND STYLE OF THE PROVIDED ALDOT REPORT MUST BE**

ADHERED TO. If a situation is unique and/or the forms do not fit a situation, the appraiser may add supplemental pages as appropriate.

Templates-These templates open up like a regular Word document. When you save a template document, click Yes to save and then save the document with a new. This protects and saves the template in its original form for using again. Once you have saved it under a new name (like the tract number), you can open it and close as many times as needed by just saving it each time (you will not have to rename it). All of the forms are also included in Excel as one file with the option to print selected pages.

Also available on-line is an Excel file (Excel Grids Only) with the land grid, improved sales grid; income-approach; cost-approach and summary page available to use in conjunction with the Word report pages & packages. This can be done by using 'copy' and 'paste'.

Eight standard report packages have been compiled for your convenience and use. The individual pages are also available.

Important Note- Maps & property sketches provided to the appraiser are, when provided, considered accurate but are preliminary and subject to change if either the appraiser or Right of Way personnel discover updated information (i.e. ownership change). It is incumbent upon the appraiser to verify the map includes all contiguous property under the same ownership as of the day of inspection. If the appraiser discovers conflicting information while researching/inspecting a property it is a responsibility of the appraiser to inform ALDOT in order to correct our tract data, maps, etc. Related deeds and map images should be included. The appraiser may be asked to allow ALDOT to make the necessary revisions, if needed, before proceeding.

The individual form pages are discussed in the following comments:

FA-1: (Standard Title Page)

This form is self-explanatory. NOTE: an additional space for a Revised Date is included and is to be used when changes are made, including changes resulting from the review process.

FA-2: (Transmittal Letter)

This form is self-explanatory with data entry fields. Attention to the complete section on owner contact is required so that conflicting contact information is not overlooked. *The owner or a representative shall be given the opportunity to inspect the property with the appraiser. All efforts to contact the owner shall be documented; if unable to make contact, a certified letter is required to be sent and a copy of the document showing receipt of the certified letter shall be included in the Addenda of the report.* This form also has a place to indicate whether a Master File has been utilized. *Please Note* ALDOT policy is reports must be received within twenty (20) days of their effective date of value.

FA-3: (Summary Page)

This form provides as a summary of the salient facts and value conclusions concluded in the body of the appraisal report. The **effective date of the appraisal** is the date at which the value opinion applies, which may or may not be the date of inspection but is typically the last date the property was inspected. The top identification information is self explanatory. The Before, After & Acquired areas should be indicated the same as the map (typically in either acres or square feet; however, the report itself can use whatever valuation unit the market uses for the property*. The next section of the form where the concluded values (Before, After & Difference between the two) are shown (*Note the calculations are not shown here*) and the After Value is net of TCE value. The Valuation Details section is where the details of what is acquired are shown (Note; calculations should be shown if possible without alteration to the form). The breakout of the improvements and damages should be consistent with those on FA-20. The remarks section should be used to prominently flag any special assumptions/conditions of the appraisal for clear understanding of the report and to avoid misleading any potential reader.

* In some instances, we have received appraisals in a neighborhood where lots of varying depths are given the same front foot value. Logic would lead one to believe under these circumstances that a lot would have no reduction in value even though a 10-foot strip across it is acquired for right of way. In view of this, we feel that in making appraisals of tracts on which only a portion is acquired, the front foot method of valuation is not very useful. (In those cases where only access rights are acquired the front footage could be shown if properties are being valued by that method by market participants.)

FA-4: (Legal - Public Data)

Scope of Work – Because of the regulatory aspect and potential for litigation, the agency has to have a major role in preparing the scope of an assignment to ensure the work product is acceptable for the Agency's needs. The Agency will prepare the initial scope and ask for the appraisal fee. At that time, the appraiser can agree with the scope as written or express her/his comments that may result in the scope being revised if the Agency agrees. Either scenario is considered as jointly developing the scope. If the Agency and appraiser cannot agree on the scope, the tract in question will be removed from the potential assignment. In addition to the WAO scope statement, it can include a) the degree to which the property is inspected or identified; b) the extent of research into physical or economic factors that could affect the property; c) the extent of data research; and d) the type and extent of analysis applied (including whether a partial or complete report was engaged) to arrive at opinions or conclusions. Once the assignment is made, the appraiser cannot unilaterally alter the scope and must obtain written agreement from the State Chief Appraiser by way of the Region/Area office.

Property Rights Appraised – This is almost always fee simple title. (This latest revised form has omitted "Unencumbered" as encumbrances should be reported even if not affecting value.) If the property is encumbered by a lease, ALDOT wants details of the lease and the lease shall be analyzed to determine if it is 'at market' rates. If a lease is above the market rent rate, utilize appropriate appraisal methodology recognizing how typical market participants will consider it, a future reduction in rent at the end of the term (i.e. using a DCF analysis or higher cap rate). ALDOT wants fee simple value on the premise a leased property at market rate equates to fee simple. If the subject property is encumbered by a power line easement or deed restriction that impacts highest & best use and/or value, details need to be provided and these types of encumbrances need to be considered in the valuation process if they affect value.

Sales History - Any sale of the subject property within the five (5) year period immediately prior to the effective date of appraisal shall be reflected in the space provided on this form. The verification of the consideration shall be the **name** of the person with whom verification was *made (and their relationship to the sale stated)*. The person who verifies the sales should be someone who has firsthand knowledge of the sales price and circumstances surrounding the sale such as the buyer, seller, agent, or closing attorney who handled the transaction. USPAP also requires the appraiser to **analyze** any sales (logically in context with the report's conclusion of before value). If there have been no sales of the subject property within the five years immediately preceding the appraisal, simply state "NONE IN PAST FIVE YEARS" under this heading.

FA-5: (Market Area Analysis & Site Data Description)

This is where the County, City and Neighborhood data is presented to the reader/client. The subsequent analysis of the subject should be relatively consistent with the dynamics of the market as presented here. When a Master File is employed, this page needs to refer to the Master File for the foregoing data. This form is always used for a detailed narrative description of the physical and location characteristics of the entire land parcel with a brief description of each structure and site improvement noted thereon. (Note, even if the scope is a partial appraisal, all structures need to be photographed and the photographs included in the report). This section should include physical descriptions of the size, shape, topography, road frontages, soils, crops, easements, and all noted encumbrances.

FA-6: (Present Use, Acquisition Description and Relocation Meeting)

Present Use A brief description of how the owner presently uses the property to their benefit is to be provided.

Acquisition Description A detailed narrative description of the proposed acquisition to include physical and location characteristics as well as a description of any and all improvements located thereon. It is very important to be observant and consider such things as septic system field lines, well, etc. In other words, we do not expect to simply find a legal description of the proposed acquisition area.

On-Site Meeting with ALDOT Relocation Personnel **All appraisals where structures are acquired require having Region/Area Relocation Personnel meet the appraiser for the on-site inspection to determine and verify if any items of personal property are present and if they will be included in the appraisal**

Personal Property And / Or Specialty Items: If the acquisition includes minerals, fixtures/equipment, merchantable timber, farm crops, commercial signage, utilities, and items of personal property, each must be duly noted and discussed by the appraiser. If a separate appraisal of a specialty item by a qualified appraiser is obtained; it must be included in the addenda and the affect of its considered contributory value analyzed, to include highest & best use considerations. All items of personalty directly related or affixed being acquired or damaged must be listed.

FA-7 (Highest & Best Use Analysis)

A proper analysis of Highest & Best Use is a Federal requirement (49 CFR Part 24.103). It is also a requirement of USPAP (Comment S.R. 2-2 (i)). The extent of the analysis should depend on the appraisal problem. If the conclusion is other than the present use, the use, timing of the use and the user has to be included in the report. Likewise, if highest and best use conflicts with present use and the analyses/methodology must reflect the principle of consistent use. Where the highest & best use as considered by the appraiser conflicts with existing zoning, a detailed explanation as to the reasonable probability of effecting a change of said zoning must be provided setting forth all interviews with public zoning officials and all other governing authorities. If the HBU, as vacant is not consistent with the present improvements, it is an indication that there should be additional depreciation if the cost approach is included. Habitable Dwelling; In all cases where there is a habitable dwelling and the highest and best use is other than residential, it is requested that the appraiser furnish a breakdown of the contributory value of all improvements. This value is needed for computing a relocation assistance payment to the occupant. Commercial Signage: The appraiser shall identify each outdoor advertising sign within the area of the acquisition.

FA-8: (Land Valuation – Before Analysis)

This form is used to value the land as if vacant. Land has to always be valued at its' highest and best use (HBU). The adjustment chart is used to relate by a percentage or dollar amount the degree of comparability to at least three (3) market comparables by direct comparison with the subject property. The appraiser is required to fully support/explain the adjustment(s). Form FA-22 should contain all data relative to the comparable sales used in connection with this form and should be arranged in an orderly fashion in the Addenda or in an accompanying Master File.

Sale Date It is the policy of ALDOT to avoid the use of comparables transacted over five (5) years prior to the effective date of appraisal. However, if any such sale is included, it must be fully justified and supported. Large Adjustments are indicative of the sales not being ideal comparable sales. Realizing this situation is sometimes unavoidable, the burden of providing justification and support is much greater (the amount of support should be directly proportional to the size of the adjustment; the larger the adjustment-the more the support). Consider some simple regression analysis when the data lends itself to such. *Since there is always the potential for condemnation, market derived adjustments are desirable whenever possible, especially for the larger adjustments.*

FA-9: (Description of On-site Residential Improvement)

This form is self-explanatory with attention to detail of paramount importance. The appraiser should provide a list of all appurtenances to a property such as mobile homes, window air condition units, storage sheds, well pumps, etc., and state if such appurtenances were considered a part of the real property or if they were considered personal property. If items are of a complex nature, the State will secure an opinion from the Special Assistant Attorney General on the applicable project to determine the proper classification. *For the main structure and any other structure that is typically rented, the appraiser shall provide an estimate of economic rent; NA is not an acceptable answer.*

FA-10: (Description of On-site Non-Residential Improvement)

This form is self-explanatory with attention to detail of paramount importance. The appraiser should provide a list of all appurtenances to a property such as mobile homes, window air condition units, storage sheds, well pumps, etc., and state if such appurtenances were considered a part of the real property or if they were considered personal property. If such items are of a complex nature, the State will secure an opinion from the Special Assistant Attorney General on that project to determine the proper classification.

The appraiser shall provide an estimate of economic rent; NA is not an acceptable answer.

FA-11: (Market Approach – Direct Sales Comparison)

Designed for improved residential or commercial properties. The appraiser shall relate the degree of comparability to at least three (3) market comparable sales by direct comparison to the subject property. The appraiser shall fully explain reasoning for each adjustment due to the difference between the subject and the comparable sales. Forms FA-23, and FA-24 shall be used to provide the market data employed in this approach. The appraiser shall be prepared to demonstrate a thorough knowledge of the proper units of comparison and fully support the individual adjustments with market evidence and/or convincing factual support. *Please note the following reminders concerning the adjustment process.* Some adjustments are overall in nature and apply to the overall property value (land & imps); while others may specifically be based on a component of the property value (land or imps). The derivation of the two (2) kinds of adjustments noted above would be calculated quite differently and would provide significantly different results if computed and applied in an inappropriate manner.

Examples: (1) An adjustment for Location would have a bearing on the property value (land & imps); whereas (2) an adjustment for land/lot/site, etc. would tend to be based on a comparison of the estimated lot values of the comparable and the subject. Proper adjustments to the sales in this Approach require that the appraiser has the skill, knowledge and ability to breakdown the elements of contributory value of each improved market sale so that proper comparisons may be made with the subject property.

If the appraiser decides to extract land values from all the sales and compare improvement values only (adding the subject land value to the concluded value), *GREAT CARE NEEDS TO BE TAKEN*. Typically, the buyer and seller of the sales did not negotiate the sales on that basis and when the appraiser extracts land value, it can be easily distorted. The appraiser shall make sure all the sales are clearly the same H&B Use as the subject, clearly convey how any additional land (for the subject and/or sales) is considered (excess or surplus), and clearly show and support how the land values were arrived at for each comparable used.

It is preferable to ALDOT that a line item adjustment is made for land differences instead.

FA-11A: (Commercial Sales Comparison using Gross Rent Multiples)

Designed for residential & commercial properties, this form is used for both before and after sections of the report has a chart where a range of indicated market values for the subject is determined in the Market Approach by use of *gross annual rent multipliers* and the *economic rent* of the subject. Economic rent is to be supported by data from specific market comparable sales provided on forms FA-25 and FA-26. Any differences between the indicated economic rent and the actual rent must be explained. *This form page is not included in the report packages and will have to be added when applicable (not typically used).*

FA-12 (Page 1of2): (Income Approach)

This form is for properties that are typically income producing properties, using the direct capitalization methodology. Note; owner-occupancy does not negate the applicability of the income approach. If currently rented, ALDOT wants to know the current rent, however, this approach shall use market-level rent(s). The fee simple value is being sought; the income approach developed with current market rents is synonymous with fee simple value. The approach needs to use market level expenses and capitalization rate. If a discounted cashflow analysis (DCF) is appropriate, it can be included, in the Addenda, in the format typical to the appraiser's peers and other clients (with all inputs supported) with the conclusion noted at the bottom of this page. In all cases when this approach is used, market comparable support for income, expenses and rates shall be provided on forms FA-12(Page 2ofw), FA-25 and FA-26.

Different Method And / Or Technique: Should the appraiser determine that a different "Method" and/or "Technique" is applicable that has sufficient detail for detailed review and litigation, he/she shall prepare an Income Approach using said different method/technique (i.e. FA-12A) and substitute it; however, it may be advisable to pre-discuss with ALDOT.

Page (2of2):

(Income Approach – Explanation & Support)

In all cases when this approach is used, the estimated economic rent shall be supported by specific rentals of comparable properties. The appraiser is to fully explain the causes creating any differences between the actual contract rent and the estimated economic rent. The appraiser should be prepared to demonstrate a thorough knowledge of the theory and proper application of this approach. All indicated expenses and reserves must be explained and fully supported. Any differences with the reported actual expenses/reserves for the subject improvement must be explained.

FA-12A: (Income Approach – Residential Properties)

Designed for single family residential properties used as rental properties as applicable and has a chart used to show a range of indicated market values for the subject in the Income Approach by use of *gross monthly rent multipliers* and the *economic rent* of the subject. Economic rent is to be supported by data from specific market comparable sales provided on form FA-26. Any differences between the indicated economic rent and the actual rent must be explained. *This form page is included in the report packages and will have to be removed when not applicable (not typically used unless residence is in a rental market).*

FA-13 (Page 1of2): (Cost Approach)

This form is for providing an opinion of value using the depreciated replacement costs and the previously derived land value. There are spaces to provide a thorough breakdown of the estimated accrued depreciation as well as cost figures and estimates of accrued depreciation for an ample number of additional site improvements. The land value shown on this page should be that concluded on form FA-8 for the site as if vacant. There is an abbreviated cost source support alternative (bottom of the page). If this approach is not relied on as having the more weight in the correlation of value (FA-14), then a summary statement of the sources is all that is required (Ex. Marshall Swift for major improvements & Do-rite Construction, Mr. Fixit-

334-425-3277 for the custom primitive arbor). If however, the correlated value relies on the cost approach and/or if adjustments in other approaches are based on cost derived data, page 2 of 2 has to be completed in detail as discussed below.

Page (2of2):

(Cost Approach-Cost Sources & Depreciation) Unit Costs: A specific and acceptable source of cost data is to be provided for each improvement valued. If a cost service or index is used, the section and page number as well as the quality of improvement and class of construction on which the cost is based shall be provided. If a local contractor is quoted, his name as well as the amount quoted shall be provided. Depreciation: All indicated depreciation must be described, explained, and adequately supported. The appraiser should be prepared to demonstrate a working knowledge of the definition and proper methods of measurement for all types of depreciation and obsolescence. The preferred support for indicated depreciation shall be from market sources involving comparable properties. Appraiser opinion and judgment must be fully explained and supported with calculations utilizing logical and reasonable estimates of effective age and remaining economic life.

FA-14: (Correlation of Before Value)

The top portion of this form is used to correlate the 'Before' value of the subject property by discussion of the value opinions developed in each of the approaches in the report. The appraiser is required to explain and justify the omission of any of the three (3) standard approaches to value not included in the report. Total Acquisition (Entire Property); when the proposed acquisition is a total acquisition, the bottom part of this form shall reflect the breakdown of the acquisition between land and each improvement on the property; otherwise, it is left blank

FA-15: (After Value – Description of the 'After' property and the After HBU Analysis)

This form is to be used only when the proposed acquisition is a partial acquisition. It is premised on a Hypothetical Condition; as if the Agency's acquisition has already occurred and the property is as it is assumed it will be after the project is complete and in-place. This is a crucially important concept for the appraiser to understand. The 'After' property (the Remainder[s]) analysis is deriving market value to 'a typical buyer'; not an analysis based on what was acquired from the current owner. *A Partial Acquisition Appraisal assignment consists of two appraisals with the difference between the two being the compensation for the part acquired; it is not one appraisal of the part acquired.* The depth and detail of comments depends on the complexity of the subject in the 'After' scenario. This page includes the After HBU Analysis; is the HBU the same as before or has it changed? If there are multiple remainders, the appraiser shall address each remainder relative to what is required on this form page. **Note; the Effect of the Acquisition section has been moved to FA-20 (pg-2), After Value Correlation page.**

FA-16: (Land Valuation – After Analysis) Land has to always be valued at its' highest and best use (HBU); it is a valuation analysis where the conclusion is included in the After Cost Approach when applicable. The same basic explanatory comments made for the Before land valuation also apply in the After. If there is no clear change in HBU to a higher density use, the appraiser should not increase unit value for a smaller remainder; this would essentially be penalizing the owner because the State made the property smaller. When at all possible, different sales (from those used in the Before) should be used. Large Adjustments are indicative of the sales not being ideal comparable sales. Realizing this situation is sometimes unavoidable, the burden of providing justification and support is much greater (the amount of support should be directly proportional to the size of the adjustment; the larger the adjustment-the more the support). Consider some simple regression analysis when the data lends itself to such. *Since there is always the potential for condemnation, market derived adjustments are desirable whenever possible, especially for the larger adjustments.* At the bottom of the page is the inclusion of a permanent easement calculation section (when applicable.)

FA-17: (After Improved Market Approach)

Designed for improved residential or commercial properties. The appraiser shall relate the degree of comparability to at least three (3) market comparable sales by direct comparison to the subject property. The appraiser shall fully explain reasoning for each adjustment due to the difference between the subject and the comparable sales. Forms FA-23, and FA-24 shall be used to provide the market data employed in this approach. The appraiser shall be prepared to demonstrate a thorough knowledge of the proper units of comparison and fully support the individual adjustments with market evidence and/or convincing factual support. *Please note the following reminders concerning the adjustment process.* Some adjustments are overall in nature and apply to the overall property value (land & imps); while others may specifically be based on a component of the property value (land or imps). The derivation of the two (2) kinds of adjustments noted above would be calculated quite differently and would

provide significantly different results if computed and applied in an inappropriate manner. Examples: (1) An adjustment for Location would have a bearing on the property value (land & imps); whereas (2) an adjustment for land/lot/site, etc. would tend to be based on a comparison of the estimated lot values of the comparable and the subject. Proper adjustments to the sales in this Approach require that the appraiser has the skill, knowledge and ability to breakdown the elements of contributory value of each improved market sale so that proper comparisons may be made with the subject property.

If the appraiser decides to extract land values from all the sales and compare improvement values only (adding the subject land value to the concluded value), *GREAT CARE NEEDS TO BE TAKEN*. Typically, the buyer and seller of the sales did not negotiate the sales on that basis and when the appraiser extracts land value, it can be easily distorted. The appraiser has to make sure all the sales are clearly the same H&B Use as the subject, clearly convey how any additional land (for the subject and/or sales) is considered (excess or surplus), and clearly show and support how the land values were arrived at for each comparable used.

It is preferable to ALDOT that a line item adjustment is made for land differences instead.

FA-18: (Page 1of2): (Income Approach –After Analysis)

The explanatory comments stated for FA-12 are applicable here as well, however in the After Analysis the appraiser needs to consider the following.

If the income approach was applicable in the Before and the improvements that generate income are not acquired, then this approach is applicable in the After. There can be situations where the acquisition does not impact this approach (esp. minor acquisitions). However, if in the After, it can be reasonably supported that the subject tract has decreased income (higher vacancy) and/or increased expenses, or perceived increased risk (higher cap rate) as a result of the acquisition, then it can be shown through this approach that the value conclusion is different than Before.

Page (2of2):

(Income Approach – Explanation & Support)

In all cases when this approach is used, the estimated economic rent shall be supported by specific rentals of comparable properties. The appraiser is to fully explain the causes creating any differences between the actual contract rent and the estimated economic rent. The appraiser should be prepared to demonstrate a thorough knowledge of the theory and proper application of this approach. All indicated expenses and reserves must be explained and fully supported. Any differences with the reported actual expenses/reserves for the subject improvement must be explained.

FA-19: (Cost Approach-After)

This form is for providing an opinion of value using the depreciated replacement costs and the previously derived land value. There are spaces to provide a thorough breakdown of the estimated accrued depreciation as well as cost figures and estimates of accrued depreciation for an ample number of additional site improvements. The land value shown on this page should be that concluded on form FA-16 for the site as if vacant. There is an abbreviated cost source support alternative (bottom of the page). If this approach is not relied on as having the more weight in the correlation of value (FA-14), then a summary statement of the sources is all that is required (Ex. Marshall Swift for major improvements & Do-rite Construction, Mr. Fixit, 334-425-3277 for the custom primitive arbor). If however, the correlated value relies on the cost approach and/or if adjustments in other approaches are based on cost derived data, page 2 of 2 has to be completed in detail as discussed below.

Page (2of2):

(Cost Approach-Cost Sources & Depreciation) Unit Costs: A specific and acceptable source of cost data is to be provided for each improvement valued. If a cost service or index is used, the section and page number as well as the quality of improvement and class of construction on which the cost is based shall be provided. If a local contractor is quoted, his name as well as the amount quoted shall be provided. Depreciation: All indicated depreciation must be described, explained, and adequately supported. The appraiser should be prepared to demonstrate a working knowledge of the definition and proper methods of measurement for all types of depreciation and obsolescence especially when there is likely damages. The preferred support for indicated depreciation shall be from market sources involving comparable properties. Appraiser opinion and judgment must be fully explained and supported with calculations utilizing logical and reasonable estimates of effective age and remaining economic life.

FA-20: (Correlation of After Value)

The top portion of this form is used to correlate the after value of the subject property based on the approaches used in the *after value* section of the report. The appraiser is again required to explain and justify the omission of any of the three (3) standard approaches to value.

Value for Acquisition The appraiser shall state the before value and the after value with the difference being the fair market value for what is acquired.

Breakdown of the Acquisition The value of the acquisition will be broken down to indicate contributing values for land, improvements, damages and/or enhancement, and permanent and/or temporary easements. *If rounding is necessary, the parts should be rounded rather than rounding the total.*

Permanent Easements; the value of permanent easements is usually estimated in the same manner as is the value of the fee title. This value will have been considered by the appraiser in arriving at the Final Estimate of the After Value. In unusual cases where the above does not apply, the appraiser may insert an extra sheet which will contain both an explanation and valuation of the permanent easement.

Temporary Easements must be treated differently. Where a temporary easement is involved, the appraiser should arrive at a preliminary correlated final estimate of after value based on the rights being acquired whether fee title or permanent easement then deduct the estimated value of the temporary easement to find the "net" final opinion of after value which is to be shown as the *FINAL OPINION OF AFTER VALUE* on this form. A widely used and acceptable method for estimating the value of typical temporary easements is to consider them as temporary rental units at an appropriate annual rate for a specified time period in years and applying an appropriate discount factor from the present worth of \$ 1.00 per annum table. Since the State will pay the rent in advance, the present worth factor should be determined in the "beginning of period" payment mode in lieu of the usual payment in arrears.

HP-12C INSTRUCTIONS TO CALCULATE ADVANCE RENT FACTOR

- Blue (g) then Blue (BEG)
- One (1) CHS then PMT
- Put into display the numeric discount rate say (10) then (i)
- Put into display the numeric rental period say (3) then (n)
- Solve for desired discount factor by pressing (PV)
- To change decimal places shown: press the gold (f) and the desired number say (4).

Improvements need to have a separate value attributed to each improvement in the acquisition. These are not necessarily values calculated elsewhere in the report but are rather the appraiser's opinion of what portion of the total value of the improvements should be attributed to each individual improvement.

Damages listed here include land damages, improvement damages, and cost-to-cure damages. Calculations of how the damages were derived need to be included if they are not clear elsewhere in the report.

Effect of the Acquisition is moved from the beginning of the 'After' analysis to the end of the 'After' analysis; it is only after the Before and After values are concluded that an appraiser can determine what the effect of the acquisition actually has. This is where the report discusses, in detail what affect the acquisition has on the property as indicated by difference between the 'Before' and 'After' values shown earlier on this page.

Note: If requested by ALDOT, an additional analysis of relocation or cut-off costs may be required and a breakdown of the acquisition reflective of the relocation or cut-off proposal will be provided. Either cut-off costs or Relocation (Structure Moving) costs should be supported with a written estimate from a qualified contractor. Economic feasibility must be supported and alternate after value and breakdown supplied by the appraiser. This is a rare occurrence due to being typically not adequately offsetting acquired improvements and damages.

FA-21: (Certificate of Appraiser)

This form is self-explanatory and is required by ALDOT to be in the addenda of each appraisal. A statement has been added for State certified appraisers regarding the report being considered a 'certified appraisal'.

FA-22 (Addenda)

This form is self-explanatory with entry fields which are to be completed by the appraiser. This form is designed to follow form FA-20 in individual reports.

Other Addenda Content to be included: FA-27 (ALDOT's Certificate of Appraiser), Location map(s) of comparables and subject, and a Certificate of Appraiser compliant with the Alabama Real Estate Appraisal Board's requirements. Additional Addenda content General Assumptions and Limiting Conditions (any of which conflicting with Federal or State Agency requirements will nullified by Agency requirements and can in no way override or supersede Federal or State Agency requirements. Note; any assumptions or limiting conditions included that are in conflict with ALDOT, State, and/or Federal regulations/guidelines have no force and effect.

FA-22A: (Photographs of Subject)

Photographs are a requirement for each appraisal prepared for ALDOT. This is because they assist readers of the report to properly identify and visualize improvements and significant physical features & characteristics of the property being appraised. In acquisition

photographs, the appraiser should be guided by the knowledge that the State may acquire possession of the property well before the question of the fair market value has been settled, thus the land may be substantially altered, and improvements demolished prior to a condemnation trial.

Minimum Requirements: Properly identified and dated photograph(s) depicting the road/street frontage(s); the area of the acquisition; each improvement (front & rear of building(s) being acquired) as well as interior photographs (if interior access is not granted, contact ALDOT Appraisal Personnel before completing the assignment); also if the assignment is a partial appraisal, photographs of improvements not valued are to be included and identified as not in the acquisition; and any unusual or unique features impacting on value. Each photograph should be dated, and a sufficient description of the photograph provided to enable a reader to know the name of the person taking the picture, the camera location, and the direction represented. The minimum size accepted is 3" x 5". All photographs are to be in color.

FA-22B: (Photographs of Subject Improvements)

A photograph of each significant improvement shall be provided. Each photograph should be dated, and a sufficient description of the photograph provided to enable a reader to know the name of the person taking the picture, the camera location, and the direction represented. The appraiser shall provide front & rear views of each principal structure within the proposed acquisition area.

FA-22C: (Building Layout Sketch)

This form is self-explanatory; however, note the sketch has to be legible so the labels and dimensions can be read by others.

FA-22D: (Property Sketch)

This page is for either an appraiser generated site drawing which depicts the subject and the proposed acquisition or for insertion of the State provided drawing.

FA-23: (Market Data Land Comparable)

This form is self-explanatory and is to be used for the presentation of required data on comparable land sales. It is a before and after form suitable for all types of land and for individual reports as well as *Master Files*. Verification shall be indicated by checking the box of the acceptable source with the name of the person with whom verification was made and a contact number. There are brief comments and statements to assist the appraiser in making sure all needed data is included on the form. Appraisers are reminded that this form is for land value determination and any improvement value contribution to the sale should be adequately broken out and explained. A dated photograph of the sale property is mandatory.

FA-24 & FA-24A: (Market Data Improved Residential Comparable & Location Map)

This form is self-explanatory with both tabulated fill-in and drop-down data entry fields which are to be completed by the appraiser. It is a before and after form for individual reports as well as *Master Files*. Verification shall be indicated by checking the box of the acceptable source with the name of the person with whom verification was made and a contact number. There are brief comments and statements to assist the appraiser in making sure all needed data is included on the form. A dated photograph of the sale property is mandatory. A location map showing the location of both the subject and the land sales is required.

FA-25 & FA25A: (Market Data Improved Non-Residential Comparable & Location Map)

This form is self-explanatory with both tabulated fill-in and drop-down data entry fields which are to be completed by the appraiser. It is a before and after form for individual reports as well as *Master Files*. Verification shall be indicated by checking the box of the acceptable source with the name of the person with whom verification was made and a contact number. There are brief comments and statements to assist the appraiser in making sure all needed data is included on the form. A dated photograph of the sale property is mandatory. A location map showing the location of both the subject and the land sales is required.

FA-26 & FA26A: (Market Data Rent Comparable & Location Map)

This form is self-explanatory with both tabulated fill-in and drop-down data entry fields which are to be completed by the appraiser. It is a before and after form for individual reports as well as *Master Files*. Verification shall be indicated with the name of the person with whom verification was made and is only acceptable when it is by someone with firsthand knowledge of the lease (lessor, lessee, agent or transaction attorney). There are brief comments and statements to assist the appraiser in making sure all needed data is included on the form. A dated photograph of the sale property is mandatory. A location map showing the location of both the subject and the land sales is required.

FA-27: (Income-Expense Comparable Data)

This form is self-explanatory and is to be completed by the appraiser. It can be included in the Addenda of individual reports as well as in a *Master File*. This form shall be used for the presentation of required data on comparable sales used in support of the Income Approach or when a gross income multiplier is used in the Market Data Approach. Verification shall be indicated by checking the box of the acceptable source with the name of the person with whom verification was made and a contact number. There are brief comments and statements as well as provided spaces for analysis indications from the sale to assist the appraiser in making sure all needed data is included on the form. A dated photograph of the sale property is mandatory.

Appraisal Reports Packages: Each of the following report packages includes an instruction page; do not include it with report submissions.

Rpt 1) Standard ALDOT Appraisal Report (Land Only-Partial Acquisition): This is a compilation of the basic forms. Any unneeded pages can be deleted or discarded, and any additional pages can be added (the user has to 'unprotect' the document to delete or add). A PDF copy of this report is to be submitted to the ALDOT Region/Area office. An original signature of the submitting appraiser must be provided on the original report, whether in ink or by electronic stamping. Appraisers are again reminded that in all but special permitted circumstances, the effective date of valuation should be within twenty (20) days of the date the appraisal report is received in the Region/Area office.

Rpt 2) Standard ALDOT Appraisal Report (Land Only-Total Acquisition): This is a compilation of the basic forms. Any unneeded pages can be deleted or discarded, and any additional pages can be added (the user has to 'unprotect' the document to delete or add). A PDF copy of this report is to be submitted to the ALDOT Region/Area office. An original signature of the submitting appraiser must be provided on the original report, whether in ink or by electronic stamping. Appraisers are again reminded that in all but special permitted circumstances, the effective date of valuation should be within twenty (20) days of the date the appraisal report is received in the Region/Area office.

Rpt 3) Standard ALDOT Appraisal Report (Improved Residential Total Acquisition): This is a compilation of the standard forms. Any unneeded pages can be deleted or discarded, and any additional pages can be added (the user has to 'unprotect' the document to delete or add). A PDF copy of this report is to be submitted to the ALDOT Region/Area office. An original signature of the submitting appraiser must be provided on the original report, whether in ink or by electronic stamping. Appraisers are again reminded that in all but special permitted circumstances, the effective date of valuation should be within twenty (20) days of the date the appraisal report is received in the Region/Area office.

Rpt 4) Standard ALDOT Appraisal Report (Improved Residential Partial Acquisition): This is a compilation of the standard forms. Any unneeded pages can be deleted or discarded, and any additional pages can be added (the user has to 'unprotect' the document to delete or add). A PDF copy of this report is to be submitted to the ALDOT Region/Area office. An original signature of the submitting appraiser must be provided on the original report, whether in ink or by electronic stamping. Appraisers are again reminded that in all but special permitted circumstances, the effective date of valuation should be within twenty (20) days of the date the appraisal report is received in the Region/Area office.

Rpt 5) Standard ALDOT Appraisal Report (Improved Commercial-Total Acquisition): This is a compilation of the standard forms. Any unneeded pages can be deleted or discarded, and any additional pages can be added (the user has to 'unprotect' the document to delete or add). A PDF copy of this report is to be submitted to the ALDOT Region/Area office. An original signature of the submitting appraiser must be provided on the original report, whether in ink or by electronic stamping. Appraisers are again reminded that in all but special permitted circumstances, the effective date of valuation should be within twenty (20) days of the date the appraisal report is received in the Region/Area office.

Rpt 6) Standard ALDOT Appraisal Report (Improved Commercial-Partial Acquisition): This is a compilation of the standard forms. Any unneeded pages can be deleted or discarded, and any additional pages can be added (the user has to 'unprotect' the document to delete or add). A PDF copy of this report is to be submitted to the ALDOT Region/Area office. An original signature of the submitting appraiser must be provided on the original report, whether in ink or by electronic stamping. Appraisers are again reminded that in all but special permitted circumstances, the effective date of valuation should be within twenty (20) days of the date the appraisal report is received in the Region/Area office.

Rpt 7) ALDOT Master File Report:

In those cases in which an appraiser signs a contract for furnishing two (2) or more reports on the same project, a master file report containing general data relative to all tracts in his assignment may be submitted. The intent of this report is to eliminate unnecessary duplication & storage of data and reduce time loss and expense due to the amount of perfunctory copying

& assimilation of unneeded repetitive data. A comparable sales map(s) should be submitted as a part of the Master File. Such a map(s) should show the location of all the comparable sales and rentals in the Master File as well as the location of all the tracts covered by the particular assignment. A PDF copy of the original Master File should be submitted to the Region/Area at the same time as the submission of the first report on any given assignment. Note: any assumptions or limiting conditions included that are in conflict with ALDOT, State, and/or Federal regulations/guidelines have no force and effect.

Note, Excel Grids File

There is an Excel file which has the grids that can be filled in and inserted into the Word report packages using 'copy and paste'.

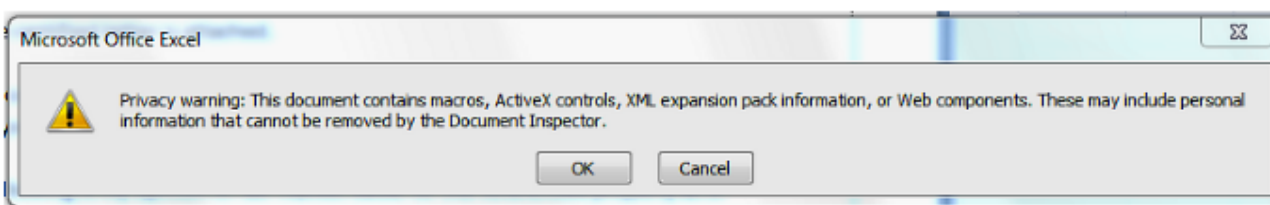
Note also, an Excel format report is included.

Appraisers comfortable with Excel may want explore this appraisal report in Excel. Suggestions as to how to improve it are welcome and the ALDOT Chief Appraiser, Jeff Jones, in Montgomery should be contacted directly (334-242-6199).

There is an instruction worksheet (page) followed by an input page with print macros for the various report types and each worksheet after that represents a page of the appraisal forms. **There are some limitations of this format.** There is a limit to the size of the comment boxes. They will not exceed 250 character spaces; Excel will not prevent you from typing past the limit, but the additional comments will not be visible or print.

This working model includes additional pages for up to 2 additional (3 total) land parcels.

The macros have to be enabled before the print macros will function, however, the following may appear on the screen periodically once the macros are enabled.



The Excel file does contain some formulas; be sure to check accuracy of any numbers generated or carried over to other pages in the report. The final product is the appraiser's responsibility.

The Excel report has its limitations and may be too problematic for some to use.