Appraisal 325

Appraisal Review Case Study

October 10, 2015
DISCLAIMER
This handbook has been created by the Appraisal Unit of the Acquisition Services Section, Office of Real Estate, Ohio Department of Transportation and is intended for use as a study guide and desk reference for agencies, consultants and individuals involved in land acquisition by anyone having the power of eminent domain in the State of Ohio.

ACKNOWLEDGMENTS
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# Appraisal Review

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INTRODUCTION

The ODOT Office of Real Estate, Appraisal Unit, has organized Appraisal Class 325 To provide an opportunity for new and existing ODOT Review Appraisers to “practice” the art of Appraisal Review in the class room, without liability, on real-life appraisal review assignments of “Before and After” valuations of a parcel(s) of land which are a part of an actual ODOT Right of Way road project.

Please Note: This is not an entry level course. It is designed for State-Certified Real Estate Appraisers, Pre-Approved ODOT Staff Appraisers & Review Appraisers.

When the scope of an ODOT appraisal assignment calls for an RE25-17 appraisal format, the appraisal assignment is considered to be complex and a detailed before and after appraisal is necessary. In these assignments, there is usually an element of “damage” to the residue property, or the probability of a damage or loss in value (per acre or per square foot of vacant land, or to a structure on the residue). Or, it could be the case that the expected value of the just compensation exceeds $65,000 and a simplistic valuation format is not appropriate. In rare situations, the valuation estimate could exceed $500,000 and two independent reviews are required.

As an ODOT authorized review appraiser, one must have the ability to read an eminent domain before and after appraisal report and approve the report as the basis for offering just compensation to a property owner. Conversely, a review appraiser must also be able to determine when the appraisal report is “not” a good basis for the offer of just compensation to a property owner.

Through the case study process, we will consider parcels on an ODOT project. Each ODOT parcel appraisal report should be able to stand the test of being reviewed, by current Federal Highway Administration (FHWA) appraisal review standards and State of Ohio Laws, Ohio Administrative Rules and ODOT procedures for review of eminent domain appraisals. The appraisal report must equally meet the Uniform Standards of Professional Appraisal Practice (USPAP).

This case study involves the student’s understanding of laws, regulations, and procedures of ODOT eminent domain appraisal, the reading of ODOT RE25-17, RIGHT OF WAY APPRAISAL REPORT(s), and preparation of ODOT appraisal review forms required to be completed for the review of the ODOT RE25-17, RIGHT OF WAY APPRAISAL REPORT, including the:

- RE25-16 Appraisal Review Template for the RE 25-17, R/W Appraisal Report
- RE22 Review Appraisers Fair Market Value Estimate
- RE22-2 Review Appraisers Statement
- RE22-1 Apportionment of Right-of-Way Costs
- ODOT Review Letter, (required if FMVE is not acceptable)

A section in the addendum of this student book contains selected citations from the United States Code (USC), the Code of Federal Regulations (CFR) the Ohio Revised Code (ORC) and the
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ODOT Procedures Manual. Participants who are not familiar with Federal and Ohio laws should review this material before proceeding with the case study. **At a minimum, the 4300 Section of the ODOT Procedures Manual is included here for discussion and clarification of the requirements of ODOT appraisal review.**

**4300 APPRAISAL REVIEW**

**4300.01 Legal Requirements for Appraisal Review**

Appraisal review is mandatory:

Any program or project receiving federal financial assistance or subject to oversight by ODOT shall have an appraisal review process (OAC 5501:2-5-06(A) and (D)). These procedures establish the appraisal review process ODOT utilizes to establish FMVE.

To implement this regulation, the procedure at ODOT requires a review of all appraisals or other valuations that are created for the purpose of making an offer to the owner in compliance with ORC 163.04.

Review appraisers must be qualified:

Only qualified review appraisers can review and examine appraisals [(OAC 5501:2-5-06(D)(1) and (C)(4)].

Review appraisers are pre-qualified by ODOT [OAC 5501:2-5-06(C)(4)(a)].

The list of ODOT-staff pre-qualified to review appraisals is maintained by the Appraisal Unit Manager, Office of Real Estate, ODOT.

[http://www.dot.state.oh.us/Divisions/Engineering/RealEstate/Pages/LPA.aspx](http://www.dot.state.oh.us/Divisions/Engineering/RealEstate/Pages/LPA.aspx)

The Appraisal Unit Manager makes the determination if an ODOT staff person is qualified to perform appraisal review functions. The level and limitations of review authority is documented in a letter maintained by the Unit Manager. The staff person and the DREA are provided copies of this letter.

The list of LPA-staff pre-qualified to review appraisals is posted on the ODOT web page under Office of Real Estate.

[http://www.dot.state.oh.us/Divisions/Engineering/RealEstate/Pages/LPA.aspx](http://www.dot.state.oh.us/Divisions/Engineering/RealEstate/Pages/LPA.aspx)

The Appraisal Unit Manager makes the determination if an LPA staff person is qualified to perform appraisal review functions. The level and limitations of review authority is documented by a letter maintained by the Unit Manager. The LPA staff person and the head of the agency (LPA) are provided copies of this letter.

Consultants pre-qualified to review appraisals are posted on the ODOT web page under the Office of Consultant Services.
Consultants must be certified or licensed in accordance with OAC 5501:2-5-06(C)(4)(b). To be considered for the ODOT pre-qualification list, a fee contractor must be a state-certified general real estate appraiser approved to perform appraisals in Ohio by the Ohio Department of Commerce, Division of Real Estate and Professional Licensing.

**Valuation complexity determines review level:**

The level of review is dependent on the complexity of the appraisal problem [OAC 5501:2-5-06(D)(1)].

To implement this regulation into its procedure, ODOT has created specific appraisal review templates to be used for each of its valuation formats. See section 4300.05 of these procedures for more detail regarding appraisal review templates.

**Appraisals requiring clarification or correction are to be resolved before a review appraiser recommends a report:**

As needed, the review appraiser shall seek necessary corrections or revisions [OAC 5501:2-5-06(D)(1)]. See section 4300.06 of these procedures for more detail about ODOT’s procedure to implement this regulation.

**Requirement to identify the appraisal report into one of three categories:**

The review appraiser shall identify each appraisal report as:

1. Recommended;
2) Accepted; or,
3) Not accepted [OAC 5501:2-5-06(D)(1)].

**Recommended** -This means the report meets Federal and State requirements (including USPAP), ODOT procedures and is recommended as the basis for the acquiring agency’s offer.

**Accepted** -This means the report meets Federal and State requirements (including USPAP), and ODOT procedures, but is not being used as the basis for the acquiring agency’s offer.

**Not Accepted** -This means the report does not meet Federal and State requirements (including USPAP), ODOT procedures and will not be used as the basis for the acquiring agency’s offer.

See section 4300.07 of these procedures for more detail about ODOT’s procedure to implement this regulation.
The Review Appraiser may become the Appraiser of Record:

If the review appraiser is unable to recommend an appraisal because of insufficient support within the report or, because the highway plans or circumstances of the acquisition have changed since the time of the original valuation and, the District determines it is not practical to obtain another appraisal, the review appraiser may offer additional support to the appraiser’s analysis for a recommended value [OAC 5501:2-5-06(D)(2)] so long as the support conforms with the appraisal requirements of Ohio Administrative Code Section 5501:2-5-06(C).

To implement this regulation, the review appraiser must create additional documentation that meets the standard for appraisal requirements under OAC 5501:2-5-06(C) and using this written documentation, the review appraiser may recommend FMVE that is different from what is presented in the appraisal report.

This occurs most frequently when the initial analysis offered by the appraiser is acceptable, but the circumstances of the acquisition changed due to events which have occurred after the date of valuation. Most often the review appraiser merely needs to document the differences between what was originally analyzed and the impact of changes to the acquisition. For example, plan changes modify the take area and the review appraiser merely needs to recalculate the compensation estimate based upon the new plans.

The aggregate of the written appraisal report plus the additional documentation created by the review appraiser is the basis of FMVE and it is this information that is to be provided to the property owner during the initial offer of compensation (ORC 163.04).

Another appraisal review is not required when the review appraiser becomes the appraiser of record.

The review appraiser is required to create a written report:

The review appraiser shall prepare a written report identifying the appraisal reports reviewed and documenting the findings and conclusions arrived at during the review of the appraisals. Damages or benefits to any remaining property shall be identified in the review appraiser’s report [OAC 5501:2-5-06(D)(3)].

ODOT implements this regulation into its procedure by having the review appraiser fill out form RE 22. See section 4300.07 for more detail regarding this procedure.

If there are tenant-owned improvements classified as real property, the review appraiser must also fill out form RE 22-1. See section 4300.08 for more detail regarding this procedure.

The review appraiser is required to create a signed certification:

The review appraiser shall prepare a signed certification stating the parameters of the review. The certification shall state the review appraiser’s recommend compensation. See section 4100.02 (I) of these procedures regarding people having authority to establish FMVE [OAC 5501:2-5-06(D)(3)].
Appraisal Review

**4300.02 Requirements for Appraisal Review**

A. The review appraiser cannot establish FMVE for the District.

B. A review appraiser cannot review and concur their own appraisal work. However, a review appraiser may supplement the work of another appraiser and base their recommendation of compensation on the initial analysis subject to the modifications or changes offered by the review appraiser. The review appraiser must still comply with the requirement to support a recommended FMVE in compliance with OAC 5501:2-5-06(D).

C. A review appraiser cannot be under any employment agreement to a consultant or an LPA as an appraiser for a project and also be a review appraiser of appraisals on that project.

D. A review appraiser cannot be in a position which would compromise the integrity of the review process and must avoid any appearance of impropriety.

E. The review appraiser must be able to perform the review in a competent, unbiased manner in compliance with these procedures

**4300.03 Purpose of Appraisal Review**

A. The purposes of appraisal review are:

1. To ensure owner(s) of real property acquired receive fair and reasonable compensation for the part taken and damages, if any, for the part not taken.

2. To ensure appraisals and valuations comply with law, regulation, these procedures and that the valuation issues identified by the District in the Parcel Impact Notes are addressed in the appraisal report.

3. To assist the District in expediting the appraisal and appraisal review processes so offers of compensation can be made to property owners, the rights of way needed for transportation projects can be cleared and the projects can enter into their construction phase.

**4300.04 The Process for Appraisal Review**

A. The appraisal is delivered to ODOT.

B. The appraisal is provided to the review appraiser who performs the review function.

C. Field review: The review appraiser is required to physically drive by and view the appraised property, drive by and view the relevant comparable sales, drive through and view the neighborhood area and compare what is physically observed to the right-of-way plans that are in hand to the information in the appraisal report. The review appraiser need not physically view the interior of the structure as this is the responsibility of the
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apraiser. However, the review appraiser, at his/her discretion, may view the interior of
the structure if warranted for any reason.

The review appraiser is required to:

1. Determine that the appraiser is pre-approved by ODOT to perform the appraisal
   function.

2. For certified or licensed appraisers, determine the category of property appraised is
   within their certification or license.

3. Read the entirety of the appraisal report.

4. Check mathematical calculations for accuracy.

5. Determine if the appraisal answered the issues identified in the Parcel Impact Notes
   (PIN). Verify the PIN is a part of the appraisal report and is signed by all parties See
   section 4100.02 (A) of this Manual for more detail about PIN’s.

6. Determine the appraiser adequately considered the right-of-way plans, the takings,
   and the impact of the takings to the residue.

7. Determine the appropriate approaches to value have been utilized by the appraiser.

8. Determine the appraisal report complies with USPAP.

9. Determine that the approaches to value used in the report comply with accepted
   appraisal standards, techniques and methodologies.

10. Determine the appraisal is compliant with the procedures for ODOT and this Manual.

11. Determine the appraisal meets laws and regulations such as the Uniform Act, 49

12. Determine that you, as the review appraiser, understand the reasoning, analysis and
    conclusions in the appraisal report.

13. Determine the value(s) estimated and the compensation reported in the appraisal
    report is/are credible.

14. The review appraiser is encouraged to call and talk to the appraiser to gain a better
    understanding of information regarding the property, analysis, values or conclusions
    reported in the appraisal. However, the review appraiser may never pressure, force or
    steer an appraiser to a conclusion that is not the appraiser’s. Everything in the body of
    the appraisal belongs to the appraiser and not the review appraiser.
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15. The review appraiser is required to seek corrections or clarification if it is determined that corrections or clarification are necessary. If corrections or clarification are necessary, the review appraiser is required to create a Review Letter. See section 4300.06 of these procedures for more information regarding Review Letters.

16. Appraisals should not be rejected, Review Letters should not be created, and the appraisal process should not be delayed for small, inconsequential issues. Obviously, this does not apply to issues of consequence affecting values or compensation. This requires review appraisers to have good skill, knowledge and common sense. For more information regarding the qualities of a review appraiser, see Appendix A of 49 CFR Part 24, Subpart B Section 24.104.

D. After the review is completed, the review appraiser fills out the appropriate review template for the type of appraisal or valuation received and then, the review appraiser has the following options:

1. If the appraisal meets standards, needs no corrections and in the review appraiser’s opinion, should be the basis of ODOT’s offer of compensation; then, the review appraiser rates the appraisal as recommended and proceeds to fill out the RE 22 form.

2. If the appraisal meets standards, needs no corrections, but in the review appraiser’s opinion, should not be the basis of ODOT’s offer of compensation; then, the review appraiser rates the appraisal as accepted. ODOT may now obtain another appraisal report or the review appraiser may create the additional documentation necessary to support a value that may become the basis of compensation.

3. If the appraisal does not meet standards and needs corrections, the review appraiser shall rate the report as not accepted and shall seek corrections from the appraiser. The review appraiser shall create a Review Letter [see section 4300.06 (A) for more information about this letter] and issue this letter to the appraiser. The appraiser is given an opportunity to correct the identified problems. The corrected appraisal is again submitted to the review appraiser who again reviews the appraisal report. The review appraiser shall rate the corrected appraisal as recommended, accepted or not accepted. Review Letters shall always accompany appraisal reports rated as not accepted.

E. The review appraiser shall complete the form RE 22 (Review Appraisers Fair Market Value Estimate) when the appraisal is recommended as the basis of FMVE. See 4300.07 of these procedures for more information about the RE 22 form and recommendation process.

4300.05 Review Formats

C. Review of the RE 25-17 Right-of-Way Appraisal Report
1. In reviewing this narrative appraisal format, the review appraiser must be aware of the procedural requirements to create the Right-of-Way Appraisal Report (Report). See Section 4200.02 (D) of these procedures for more information about the Report (RE 25-17).

2. All Report templates shall be reviewed by a review appraiser pre-approved by ODOT.

3. Once the report is reviewed and recommended, the District may then establish FMVE based on the Report recommended by the review appraiser.

4. The review appraiser completes form RE 25-16 documenting the reviewer’s findings, completes form RE 22 with the reviewer’s recommendation and forwards the form to the District along with the Review Appraiser’s Statement (RE 22-2).

   - see 4100.02(I): REVIEW OF EMINENT DOMAIN APPRAISALS of the Real Estate Manual.

   The authorized manager will review the form and establish FMVE by signing their name and title in the appropriate space. The manager is cautioned at this point to not sign the form blindly as this function is a commitment of public funds and should be accorded the respect such responsibility demands. If the manager is concerned about the execution of the procedures or the recommendation of the award, the manager may seek further assurances or may seek a second opinion of value.

5. The review appraiser is required to complete the following forms:


   RE 22: This form is to be completed when the ODOT - R/W Appraisal Report has been recommended as FMVE.

   RE 22-1: This form is to be completed if FMVE needs to be allocated between ownership interests.

   RE 22-2: The Review Appraiser’s Statement is to be filled out if the appraisal is recommended.

   Review Letter: This letter is to be created if the appraisal is not accepted or, there are issues which must be resolved prior to the RE 22 being prepared or, if there are other items which are noncompliant with established ODOT procedures.

Please see brief discussion about each form below:
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THE RE-25-17: Right of Way Appraisal Report

The Appraiser uses this form to document, or substantiates his/her findings and conclusions on the parcel’s valuation. It is this report that the Review Appraiser must first desk review (read and take notes), field review (drive to the parcel) and then complete a final desk review (read only the questionable parts), to determine if the report can be accepted, or if the report has appraisal issues which must be reconsidered by the appraiser.


This appraisal review template is to be used for the review of R/W Appraisal Reports that have been prepared to estimate compensation to owners for the part taken and damages, if any, to the part not taken. R/W Appraisal Reports prepared for the Department must comply with instructions included in the template for the form RE 25-17 as well as ODOT’s Real Estate Manual and with the USPAP.

The RE 22: Review Appraiser’s Fair Market Value Estimate

This appraisal review template is to be used to document the FMVE results when the R/W appraisal report is:

Recommended: The report meets the many Federal and State requirements (including USPAP) and is recommended as the basis for the acquiring agency’s offer.

The RE 22-2: Review Appraiser’s Statement PLEASE NOTE, THIS FORM HAS BEEN RETIRED EFFECTIVE 3-2015

Documents the total amount of FMVE paid, and that the acquisition may be part of a Federal-aid highway project. This form states that the Review Appraiser does not have a direct or indirect, present or contemplated personal interest in such property or in any benefit from the acquisition of such property appraised. It states that the estimate has been independently based on appraisals and other factual data of record without collaboration or direction, and that the amount established above contains no allowance for any item contrary to Ohio Law. It is my understanding that the amount of *Amount* is eligible for Federal Reimbursement.

In addition, the following ODOT Real Estate forms may be required as well, depending on the results of the appraisal review:

The RE 22-1: Apportionment of Right of Way Costs

This form may be required by ODOT, if the FMVE must be divided between the Fee Owner and a Tenant Owner, and the compensation is for real property not personal property. It is referred to at ODOT as “The Blue Sheet”
The Review Letter

This letter format is used when the Review Appraiser must communicate with the Appraiser about “unclear”, “misleading”, “incorrect” or “questionable” data in the appraisal report.

4300 Summary

The 4300 Section of the ODOT Real Estate Manual is essential for review appraisers when performing appraisal review functions. Each review appraiser has access to the entire Manual through the ODOT Real Estate WWW Home page.

Most ODOT “Project Development Process” (PDP) models call for the involvement of the review appraiser, at least, at the beginning of the “active acquisition” stage of a road project. Preliminary acquisition work for each parcel usually has started, such as title preparation, pre-acquisition survey, RE-95 survey; and Final R/W Plans and Stage II Construction Plans are available to the ODOT staff and the review appraiser, to begin the appraisal process.

Based on the data from the documents listed, the review appraiser must begin the process of “Appraisal Problem Analysis” for each ODOT parcel and must complete the Appraisal Problem Analysis (APA) Form and the Parcel Impact Notes (PIN) Form.

(Please Note: Sometimes in the PDP, ODOT staff/management will begin the APA and PIN process and then engage the review appraiser, who must concur that the APA and PIN is acceptable for the taking on each parcel)

Next, a “scope of work” field meeting is arranged with the assigned appraiser(s). The appraiser must also concur that the APA and PIN for each parcel is acceptable, or suggest revisions to the PIN. When each party agrees that the documents are sufficient, the PIN is signed by the review appraiser, the appraiser and a representative of ODOT. It is at this point that the Appraisal Pre-Assignment Checklist form should be used to confirm that all information has been provided to begin the appraisal process.
Case Study


Right of Way Plans Completed June 13, 2008

Background Information

Each student will be expected to simulate the requirements of the review appraiser, starting with confirming the Appraisal Pre-Assignment Checklist form and ending with a signed Certificate of Review Appraiser and all required review forms, or, ending with a compliant Review Letter to the assigned appraiser, requesting reconsideration of issues in the appraisal report. Each student will be expected to support the reasoning behind their conclusions for each ODOT parcel appraisal report.

The case study example is a historical ODOT Project and Parcel(s), which are “signed and closed” and the results of the acquisition are known.

The idea of the case study methodology is that students can best learn through the review of actual ODOT acquisitions, where the results are decided, and known. The question asked of each student is: “What Would You Do?” as a Review Appraiser, to move the parcel’s appraisal through the review process, and create the review documents needed to “establish FMVE” and make an initial offer to the property owner.

Background Data for Case Study Parcels, Required Reading

This case study involves three parcels on the Project that are related due to fee ownership, cross-access easement rights, lease rights, title considerations, public road vs. private road, drive way permit requirements and the property right of ingress and egress.

The Case Study provides the student with details of the DEF-66-7.37 project. Right of Way Plan pages for parcel 21, 16 and 19, and other pertinent background information about each parcel is available here and on the ODOT Real Estate Training internet site. In addition to the R/W Plans, the case study provides the title report for parcel 16 (which includes the Auto Zone store), aerial exhibits of the immediate area around the project, and appraisal reports for parcels’ 16, and 21. Some of this information should be assessed by each student so that the student can begin to determine if the prepared Appraisal Problem Analysis form and Parcel Impact Notes are adequate, as scope of work documents for the assigned appraiser. The pertinent information for the review appraiser to consider at the beginning of the acquisition process includes:

The R/W Plans, Construction Plans,

Title Reports for each parcel, and possibly,

Pre-Acquisition Survey Data.

ODOT Parcel 21 is the main parcel in this Case Study.
According to the title report, parcel 21 is owned by Sunrise Hospitality, Incorporated. The Auditor tax parcel number is I06-0013-0-001-00 and the address is 1835 North Clinton St., Defiance, Ohio 43512. This parcel is irregular in shape and includes a private access drive, known as the “Lowe’s Access Drive”. This private drive provides “easement rights’ access (ingress/egress)” to at least three (3) parcels adjacent to the “Lowe’s Access Drive”. (See DEF-66-7.73 R/W Plans for more details) The parcels which hold access easements over parcel 21 are: parcels’ 16, 18, and 19.

The site description of parcel 21 before the taking is as follows:

Parcel is located on the East side of North Clinton St, just South of US 24 entrance ramp.

The subject can be accessed via an access easement across the front of parcel 19, and via a strip on its own site, immediately to the East of parcel 19.

The total site size is about 3.195 gross/net acres, no PRO, and it is irregular in shape, mostly level but slightly below grade from SR66 and US 24.

Parcel 21 is not located in a flood hazard area (FEMA Map # 390144, Zone C, Panel 0005D, dated 3-4-1985; FIPS Code 39039, Census Tract 9585.00)

The soil appears satisfactory for load bearing capacity; for any commercial development on the parcel.

The parcel has all public utilities available to the site (water, sewer, electric, gas, cable, phone).

The site is almost all vacant land. There are 2 light poles, an asphalt drive leading to “Lowe’s Access Drive and a yard light on a concrete base.

There are typical utility easements on the parcel, and, there are access (ingress and egress) easements to parcels’ 16, 18 and 19, as mentioned above.

There are no known encroachments or restrictions on the parcel.

The highest and best use appears to be commercial development land.

Regarding Legal and Political Constraints, the zoning code for parcel 21 is “B-3 Highway and General Business”. Permitted and Accessory Uses for B-3 include: Retail Business, Personal Services, Business Services, Professional Activities, Offices and Banks, Restaurants, Drive-in Commercial Uses, Automotive Sales and Repair; Building Trades and Services; Transportation Equipment Sales and Repairs, Essential Services, Accessory Uses, and Mortuary.

The parcel is vacant and, therefore, conforms to zoning. There is no “Land Use Plan for Defiance County. Taxes for the parcel’s vacant land total $101,760 for the current amount due (assessed value).

**ODOT Parcel 19:**
Adjacent to parcel 21, parcel 19 is improved with a Walgreens store, and also provides ingress and egress to the majority of parcel 21, which is vacant and ready for development, from the
north side of the private-owned “Lowe’s Drive. (Please Note: Parcel 19 was sub-divided from parcel 21), however the access rights to parcel 21 remained after the sale. The Lowe’s store to the rear of ODOT parcel 21 has maintained ingress/egress rights across parcel 21, however, there is no taking from the Lowe’s store parcel and its right of access is not interfered with due to the project. We will not be performing an appraisal review of parcel #19. However, we must acknowledge its relationship to parcel 21.

**ODOT Parcel 16:**
Also adjacent to parcel 21, and parcel 21 provides an access and egress easement to parcel 16 (part of which is developed with an Auto-Zone Auto Parts store, from the south side of the “Lowe’s Drive). This easement area 0.1085 acres and runs south from Lowe’s Drive and connects with parcel 16. A separate entrance to parcel 16 is directly off of the east side of SR 66, aka, North Clinton Street, and connects with the access/ingress easement from parcel 21 to parcel 16 (see aerial photos, Right of Way Plans for visual details of each parcel).

According to the title report and R/W Plans, parcel 16 is owned by Venture Properties I, LLC, a North Carolina Limited Liability Company, doing business in Ohio as Venture Properties I, LLC, LTD. The Auditor tax parcel numbers are APN 1-06-0013-000-400 containing 1.7283 gross/net acres and APN 1-06-0013-000-300 containing 0.7277 gross/net acres. The combined acreage total is 2.456 gross/net acres.

The site description of parcel 16 before the taking is as follows:

Parcel is located on the east side of N. Clinton St., about 400’ south of the US 24 entrance ramp.

Current access includes the 27’ service road easement, owned in fee by parcel 21, Sunrise Hospitality, Inc. and direct access from the east side of N. Clinton St. For purposes of appraisal, the larger parcel of parcel 16 is said to include the 0.1085 acres of land in the access easement area of parcel 21. This is not indicated by the R/W Plans, but is the decision of the appraiser.

The parcel is slightly irregular in shape and there is no access from the east property line of the parcel, only from N. Clinton St. or the access easement, at the same location.

The subject is not located in a Flood hazard area according to FEMA.

No soil problems are apparent for load bearing improvements of any allowed development.

All public utilities are available to the site; there is paved access drive and ample parking on the site, an Auto Zone Store and other misc. improvements

A portion of the site is improved with a 1 story concrete block bldg. and ample parking for a retail store. The rear portion of the site is vacant land however it can support development as well. All access to the site is from N. Clinton St. or from the access easement area on parcel 21, from Lowe’s Dr.

The zoning is B-3 Highway and General Business: retail business, office, service.
Case Study Considerations:
Given the various fee ownerships, tenants, easement rights, property rights, current uses, private drives, and the situation that there is a taking from ODOT parcels’ 16, 19, and 21, how should each parcel be appraised, simple or detailed, and, how should FMVE be allocated between all of the related ownerships or parties?

To show the complexity of some ODOT takings, and potential damages to some residue properties, parcel 16 has two separate appraisals, and each one was prepared with a different understanding of: The Larger Parcel, Potential damages and Cost to Cures, Highest and Best Use determination and the impact of the taking on tenant owners. Each student will have to determine which parcel 16 appraisal report is most acceptable as the basis for F.M.V.E. to be offered in negotiation.

Vacant land value for each parcel should be determined through appraisal, preferably using the Sales Comparison Approach to value, and the various relationships should not determine how the parcels are appraised. ODOT always requests a fee simple, larger parcel value in spite of the various encumbrances on a parcel. The ownerships and interests on a parcel are “allocated” to the various interests, once fee simple value is concluded. The question is: who gets how much, after the allocation is finalized?

Students will be expected to read the appraisals for two of the three parcels discussed above: parcels’ 16 and 21. A determination of the acceptability of each appraisal and documentation of the reviewer’s findings on the ODOT review forms, which are relevant to the appraisal problem, is expected. (Or: It is a given that each appraisal is correct, RE25-17 and RE25-1. In this case the student should determine the amount each party should receive by allocating the FMVE for each parcel on the RE22-1. Remember, ODOT must not double compensate an owner of property when there is a taking on an eminent domain project. Commercial developments such as on this PID often times create complex issues of inter-related ownership rights. Developers have various reasons why they maintain control of ingress and egress on their development sites. It usually enables the developer to create sub-divided parcels for development, and permission from the “police power” in the jurisdiction is not required every time a change occurs on a development parcel.

(The City of Defiance is the County seat for Defiance County and has a mix of manufacturing, commercial/retail and higher education job opportunities. The population has been relatively stable for two decades. The subject parcels’ are in a commercial/retail district of the City that also borders an interstate highway corridor, U.S.24. The subject parcels’ location provides convenient access to central Defiance and nearby villages and cities via US 24, and State Routes 15 and 18. Most of Defiance’s newest commercial growth is taking place within the subject neighborhood along North Clinton St. (SR 66).)

Once the Review Appraiser is able to competently document, summarize their conclusions about the appraisal assignment (Scope of Work) on the APA form and the PIN form, a Scope of Work meeting is conducted, with the Assigned Appraiser. Each form will be part of the permanent record (ODOT “Brown Folder”) for the assigned
Appraisal Review

parcel on the project. This occurs after the Assigned Appraiser, Review Appraiser and ODOT Management (usually the District Real Estate Administrator or Realty Specialist Manager) agree on the contents of the APA and PIN, and sign their name on the PIN acknowledging their acceptance. The PIN for each parcel is the basis of the instruction given to the assigned appraiser before the appraisal process begins.

Let’s summarize the role of the Review Appraiser by focusing for a moment on the Appraisal Pre-Assignment Checklist. This form shows the project’s County, Route, Section(C/R/S), Parcel Number and Property Owner, and PID Number. The date of the latest Construction Plans and Right of Way Plans are shown at the top of the form as well (see attached sample). Each item numbered on the form should be accounted for, by the Review Appraiser and the Appraiser. Items 1-8 need to be accounted for: either as included in the package for the Appraiser, or it may be that an item is “not appropriate” (NA) for the particular parcel being appraised. All pertinent data from the checklist must be provided to the appraiser to produce a FMVE for the property owner that is credible. If all data items from the Pre-Assignment Check-list are given to the Appraiser, the valuation process begins, and the Review Appraiser must wait for the final appraisal report to be delivered to the Client, and then to be given to the Review Appraiser, which begins the required ODOT review process of desk review, field review and final review.

The following pages or links are the case study information pieces the student needs to complete the appraisal review process for the ODOT RE25-17 Right of Way Appraisal Report.

Please carefully begin an analysis of these documents to determine:

1. Data items on the Pre-Assignment Checklist are provided.

2. Final copy of the appraisal report provided for review appraiser (includes a “Blank” of the RE25-17, with italic instructions)

3. All required ODOT appraisal review forms are available to review appraiser. (Completed “samples” of some ODOT form are on the ODOT website.)

QUESTIONS: Did the appraiser have all of the required documents to adequately consider the appraisal problem? If yes, continue; if no, all documents must be provided to the appraiser by ODOT.

(OPEN DISCUSSION DURING THE CLASS)

QUESTIONS: Does the review appraiser have all required up-to-date appraisal review forms needed to complete the review process? If yes, continue; if no, review appraiser must have ODOT review appraisal forms.

(OPEN DISCUSSION DURING THE CLASS)
EXHIBITS, R/W PLANS, AERIALS, PICTURES
<table>
<thead>
<tr>
<th>Project C/R/S</th>
<th>DEF-66-7.37</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parcel</td>
<td>21WL, 21WDV, 21T</td>
</tr>
<tr>
<td>PID</td>
<td>25098</td>
</tr>
<tr>
<td>Owner</td>
<td>Sunrise Hospitality, Incorporated</td>
</tr>
</tbody>
</table>

1. **The Appraiser And Review Appraiser Shall Be Pre Qualified By ODOT**
   - It is assumed the R/W Acquisition Cost Estimate has been completed. (RE 101)
   - If the R/W Acquisition Cost Estimate for this parcel is greater than $1,000,000.00 then C.O. Real Estate must be invited to participate in the appraisal scoping process.

A. Appraiser | Mr. Pre-Approved Appraiser |
B. Review Appraiser | Pointy Pencil |

2. **For Fee Contractors, Money Shall Be Programmed**

3. **The Appraiser Shall Be Provided A Copy Of The Completed Title Report**

4. **Perform The APA/PIN Process And Appraisal Scoping**
   A. **The Review Appraiser Must Be Engaged Prior To Engaging The Appraiser**
   B. **Appraisal Problem Analysis / Parcel Impact Notes – Initial Draft**
   C. **The Review Appraiser Must Also Assist In Scoping The Appraiser**

5. **The Appraiser Shall Be Provided A Final Copy Of The Parcel Impact Notes:**

6. **The Appraiser Shall Be Provided a Final Copy of the RE 95**

7. **The appraiser shall be provided sufficient plans**
   A. Final R/W plans and legal descriptions in accordance with R/W Plan Manual sections 3100 and 3300
   B. Cross sections
   C. driveway profiles
   D. plan and profile sheets
   Pertinent parts of the construction plans to enable the appraiser to understand the impacts of both: the taking, and the project, to the residue property, relating to the subject property and any other pertinent information relating to the property that is the subject of the appraisal assignment are necessary.

8. **The appraiser shall be provided legal descriptions of the take areas**
28. Site Plan Sketch – Before the Taking
Record area: 3.195 acres
Total PRO: 0.000 acres
Net acreage: 3.195 acres

Project: DSP 66-737
Facility: 21, Sunrise Hospitality, Inc.
### Appraisal Problem Analysis

<table>
<thead>
<tr>
<th>County</th>
<th>DEF</th>
<th>Parcel</th>
<th>21WL,WDV, T</th>
<th>Whole Taking</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Route</td>
<td>66</td>
<td>Partial Taking</td>
<td>Yes</td>
<td>R/w Plan Sheets</td>
<td>4,8,29,33,35</td>
</tr>
<tr>
<td>Section</td>
<td>7.37</td>
<td>Date of R/W Plans</td>
<td>6-13-08</td>
<td>Cross Section Sheets</td>
<td>NA</td>
</tr>
<tr>
<td>PID</td>
<td>25098</td>
<td>Date of Construction Plans</td>
<td>3-7-08</td>
<td>Plan &amp; Profile Sheets</td>
<td>38,39</td>
</tr>
</tbody>
</table>

#### Ownership / Contact Information

- **Ownership Name**: Sunrise Hospitality, Incorporated
- **Contact Name**: Patel
- **Mailing Address**: 1234 Whotheheck Dr.
- **Telephone**: (555) 555-1212
- **FAX**: (555) 555-2121

#### Legal Considerations

- **Is the Ownership Interest Divided? Will the appraiser need to allocate the award between the separate interests?** Yes
- **Will we need an M&E Appraisal or Specialty Report** No

#### Zoning Classification

- **B-3, Highway & General Business**

#### Zoning Definition

- **Various retail & services, offices, banks, restaurants. Other business types may require jurisdiction Board approval, ie, taverns.**

#### Building Setback Regulation

- **Min. bldg setback=50' from R/W line**

#### Existing Setback

- **vacant land only**
- **Proposed Setback**: 50'min

#### Other Regulations

- **Some uses require City/County Zoning Board approval**
- **Parcel has access easements, ingress egress, to parcels' 16 & 19, & the Lowe's store, other standard utility easements.**

#### Minimum Site Size

- **20,000sf**

#### Actual Site Size

- **3.195ac.**

#### Residue Site Size

- **3.077**

#### Access?

- **SR66-Lowe's Drive-through Walgreen's, parcel 19, & at rear of parcel 19 off Lowe's Dr.**

#### Is property Compliant / Non Compliant? Explain:

- **Yes**

#### Is Residue compliant / Non Compliant? Explain:

- **Yes**

#### Are any regulations being waived as a result of the project or the Acquiring Agency’s efforts? Explain:

- **No**

#### Health Department Regulations

<table>
<thead>
<tr>
<th>Sanitary / Septic</th>
<th>Public Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Water/Private Well</td>
<td>Public Water</td>
</tr>
<tr>
<td>Public Water regulation / tap fees</td>
<td>Public Water preceeded development of the parcel</td>
</tr>
</tbody>
</table>

#### Preliminary Impressions of the Larger Parcel

<table>
<thead>
<tr>
<th>Unity of Title / Ownership</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contiguity - Contiguous</td>
<td>Yes</td>
</tr>
<tr>
<td>Unity of Use / Integrated H&amp;B Use</td>
<td>Yes</td>
</tr>
<tr>
<td>What is the Present Use of the Property?</td>
<td>Vacant land, formerly a hotel site, demolished for redevelopment,</td>
</tr>
</tbody>
</table>
## Appraisal Problem Analysis

### Items in Take

<table>
<thead>
<tr>
<th>Structures in take, Signs, etc.</th>
<th>There is a Lowe's store sign along SR66.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landscape Items</td>
<td></td>
</tr>
<tr>
<td>Sod/Lawn</td>
<td></td>
</tr>
<tr>
<td>Crops</td>
<td>None</td>
</tr>
<tr>
<td>Septic Systems, water wells</td>
<td>Public Services</td>
</tr>
<tr>
<td>Specialty Items</td>
<td>Asphalt, concrete curb, Outdoor light base</td>
</tr>
<tr>
<td>Oil / gas wells</td>
<td>None</td>
</tr>
<tr>
<td>Other</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Impact of the Take on the Residue

<table>
<thead>
<tr>
<th>Will there be any change in access?</th>
<th>Will there be any landlocked parcels?</th>
<th>How many residue parcels will exist?</th>
<th>What are the cuts or fills / Are there any changes in grade?</th>
<th>Will there be any structures that will become obsolete?</th>
<th>Will there be any impact upon utilities available to the residue?</th>
<th>Is a cost-to-cure necessary?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Site Size

<table>
<thead>
<tr>
<th>Left</th>
<th>Right</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>3.077ac</td>
</tr>
</tbody>
</table>

### Conforming / Non-Conforming

<table>
<thead>
<tr>
<th>Left</th>
<th>Right</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### Landlocked Parcels?

<table>
<thead>
<tr>
<th>Left</th>
<th>Right</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

### Grade Changes?

<table>
<thead>
<tr>
<th>Left</th>
<th>Right</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>Slightly rising South to North</td>
</tr>
</tbody>
</table>

### Proximity Issues?

<table>
<thead>
<tr>
<th>Left</th>
<th>Right</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>All Public</td>
</tr>
</tbody>
</table>

### Utilities?

<table>
<thead>
<tr>
<th>Left</th>
<th>Right</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

### Permanent Impacts from Temp's?

<table>
<thead>
<tr>
<th>Left</th>
<th>Right</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>Access Property Right to parcel 16 extinguished, smaller site on residue</td>
</tr>
</tbody>
</table>

### Financial Impacts?

<table>
<thead>
<tr>
<th>Left</th>
<th>Right</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>Tenant may have right to terminate lease if eminent domain taking occurs</td>
</tr>
</tbody>
</table>

### Additional Comments / Issues?

<table>
<thead>
<tr>
<th>Left</th>
<th>Right</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

**Additional Comments**

An RE-95 form, detailing real vs. personal property and ownership interests should be completed.

**Is the “Appraisal Problem” Simple or Complex?**

<table>
<thead>
<tr>
<th>Simple</th>
<th>Complex</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>complex</td>
</tr>
</tbody>
</table>

**Should the Agency get a Specialty Appraisal Report?**

| No |

**What is the minimum acceptable Appraisal Report Type?**

| RE 25-17, ODOT R/W Appraisal Report |

**Signature of person preparing this Appraisal Problem Analysis:**

**Date:**

5/3/08

**Additional Comments**

Will the taking displace people or personalty? Will this be a complex or simple negotiation?

No displacement, could be complex negotiation, an access property right will be taken from parcel 16: it has ingress/egress access across parcel 21, this right will be extinguished.
## Parcel Impact Notes

This document is meant to be an aid for scoping and is absolutely not to be interpreted as steering or directing an appraiser to an opinion that is not the appraiser’s. However, appraisers must comply with applicable appraiser standards, including USPAP as appropriate, and ODOT’s policies and procedures regarding appraisals.

<table>
<thead>
<tr>
<th>Project C/R/S</th>
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<tr>
<td>PID</td>
<td>25098</td>
</tr>
<tr>
<td>Parcel</td>
<td>21WL, WDV, T</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner/Tenants:</td>
<td>Sunrise Hospitality, Inc./Venture Properties, LLC</td>
</tr>
</tbody>
</table>
| Take:         | 21WL: 0.118 gross & net acres, 2 light pole bases  
                21WDV: 0.136 gross & net acres, Lowe’s sign, light and pole  
                21T: 0.089 gross & net acres, to construct new drive |
| What is in Take? | 21WL: 2 light pole bases  
                    21WDV: yard light and pole, asphalt drive  
                    21T: 0.089 gross & net acres, to construct new drive |
| Appraisal Issues / Significant Issues: | Along with the land taken from parcel 21WDV, there is an access property right in favor of parcel 16, Auto Zone store. This access easement with/over parcel 21 to Lowe’s Drive will be extinguished, reducing access points to parcel 16 to one right in, right out drive. Maybe some loss in value in the after situation.  
Parcels 16 seems to be a “tenant” owner on parcel 21, and should be made an offer too.  
Please note: other easements exist on parcel 21 which will not be extinguished. |

| The valuation (appraisal) problem is: Simplistic | ☐ | Complex | ☒ |

**Recommended Appraisal Format:**

RE 25-17 Summary R/W Appraisal Report to include the following approaches to value:

- Cost Approach N
- Sales Comparison Approach Y
- Income Capitalization Approach N

**Review Appraiser**

<table>
<thead>
<tr>
<th>Signature / Date</th>
<th>Typed Name</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pointy Pencil, Review Appraiser / 1/1/2008</td>
</tr>
</tbody>
</table>

**Approved by**

<table>
<thead>
<tr>
<th>Signature / Date</th>
<th>Typed Name</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I. Need it Yesterday, Agency Representative /1/1/2008</td>
</tr>
</tbody>
</table>

**Appraiser Acknowledgement**

I have reviewed the right of way plans and other pertinent parts of the construction plans, have driven by the subject, have reviewed these Parcel Impact Notes and I have independently performed my own appraisal problem analysis. I am in agreement regarding the valuation (appraisal) problem, the determination of the complexity of this problem, and I agree that the recommended format is appropriate for use during the acquisition phase of this project.

**Signature / Date**

<table>
<thead>
<tr>
<th>Typed Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Pre-Approved Appraiser, MAI, ASA, SRA, CCIM or agency staff appraiser / 1/1/2008</td>
</tr>
</tbody>
</table>
### Parcel Impact Notes

This document is meant to be an aid for scopeing and is absolutely not to be interpreted as steering or directing an appraiser to an opinion that is not the appraiser's. However, appraisers must comply with applicable appraiser standards, including USPAP as appropriate, and ODOT's policies and procedures regarding appraisals.

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<tbody>
<tr>
<td>PID</td>
<td>25098</td>
</tr>
<tr>
<td>Parcel</td>
<td>16T-1 and 16T-2</td>
</tr>
<tr>
<td>Construction Plans</td>
<td>Plans prepared by The Mannik &amp; Smith Group, Inc. - March 7, 2008</td>
</tr>
<tr>
<td>Date of R/W Plans</td>
<td>May 28, 2008</td>
</tr>
</tbody>
</table>

| Owner/Tenants: | Vercure Properties, LLC / Autozone (store) |

| Take: | 16T-1 = 0.022 acre (net) 16T-2 = 0.023 acre (net) |

| What is in Take? | 16T-1 = asphalt drive and landscaping 16T-2 = asphalt drive and landscaping  
Temporary for 12 months duration. |

| Appraisal Issues: | Inner circuity of travel |

| Significant Issues: | - Elimination of access easement along the northern property line  
- R-in/R-out, ingress/egress along the east side of SR 65  
- After condition creating direct road frontage for subject |

| Recommended Appraisal Format: | Complete Summary  
(If property right gives tenant or owner the right to use the easement).  
Prepared by: 5/30/2008 |
1. ODOT – SUMMARY RIGHT OF WAY APPRAISAL REPORT

| IDENTIFICATION OF | 1803 N. Clinton Street |
| SUBJECT PROPERTY: | Defiance, Ohio 43512 |
| IDENTIFICATION OF | DEF 66-7,77 |
| PROJECT/PARCEL: | PARCEL 16 |
| (PIT) 25098   |
| (SIN) 415240   |
| (FPN) 1066082 |

PREPARED FOR: The Ohio Department of Transportation Real Estate Administration, Northwest Region Office

David E. Scully, P.S., Regional Projects Manager
241 Stanford Parkway
Findlay, Ohio 45840

PREPARED BY:

DATE OF VALUATION: 9-17-2008
## Appraisal Problem Analysis

<table>
<thead>
<tr>
<th>County</th>
<th>DEF</th>
<th>Parcel</th>
<th>Whole Taking</th>
<th>Route</th>
<th>66</th>
<th>Partial Taking</th>
<th>Yes</th>
<th>R/w Plan Sheets</th>
<th>4,8,29,33,35</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section</td>
<td>7.37</td>
<td>Date of R/W Plans</td>
<td>6-13-08</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Cross Section Sheets</td>
<td>NA</td>
</tr>
<tr>
<td>PID</td>
<td>25098</td>
<td>Date of Construction Plans</td>
<td>3-7-08</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Plan &amp; Profile Sheets</td>
<td>38,39</td>
</tr>
</tbody>
</table>

### Ownership / Contact Information

- **Ownership Name**: Venture Properties 1, LLC
- **Contact Name**: AutoZone Store Manager
- **Mailing Address**: 1803 N. Clinton St. (SR 66)
- **Telephone**: (555) 555-1212
- **FAX**: (555) 555-2121

### Legal Considerations

- **Is the Ownership Interest Divided?** Will the appraiser need to allocate the award between the separate interests? Yes
- **Will we need an M&E Appraisal or Specialty Report?** No
- **Zoning Classification**: B-3, Highway & General Business
- **Zoning Definition**: Various retail & services, offices, banks, restaurants. Other business types may require jurisdiction Board approval, ie, taverns.
- **Building Setback Regulation**: Min. bldg setback=50' from R/W line
- **Existing Setback**: vacant land only
- **Proposed Setback**: 50' min
- **Other Regulations**: Some uses require City/County Zoning Board approval
- **Minimum Site Size**: 20,000sf
- **Actual Site Size**: 2.456 ac., no PRO
- **Residue Site Size**: 2.456 ac., no PRO
- **Access?**: SR66 and Lowe's Drive-through access easement from parcel 21, Sunrise Hospitality, owner
- **Obvious or Apparent Easements?**: Parcel has access easement, ingress/egress, from parcel 21, other standard utility easements.
- **Is property Compliant / Non Compliant? Explain?**: Yes
- **Is Residue compliant / non compliant? Explain?**: Yes
- **Are any regulations being waived as a result of the project or the Acquiring Agency’s efforts? Explain?**: No

### Health Department Regulations

- **Sanitary / Septic**: Public Sewer
- **Public Water/Private Well**: Public Water
- **Public water regulation / tap fees**: Public Water preceeded development of the parcel

### Preliminary Impressions of the Larger Parcel

- **Unity of Title / Ownership**: Yes
- **Contiguity - Contiguous**: Yes
- **Unity of Use / Integrated H&B Use**: Yes
- **What is the Present Use of the Property?**: A portion of the parcel is leased to Auto Zone and vacant site is available for lease.
**Appraisal Review Case Study**

### Items in Take

<table>
<thead>
<tr>
<th>Item Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structures in take, Signs, etc.</td>
<td>There is a Lowe’s store sign along SR66, in the area of the access easement</td>
</tr>
<tr>
<td>Landscape Items</td>
<td>Sod/Lawn, in the area of the access easement</td>
</tr>
<tr>
<td>Crops</td>
<td>None</td>
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<td>Septic Systems, water wells</td>
<td>Public Services</td>
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<td>Specialty items</td>
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<td>Oil / gas wells</td>
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</tbody>
</table>

### Impact of the Take on the Residue

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will there be any change in access?</td>
<td></td>
</tr>
<tr>
<td>Will there be any landlocked parcels?</td>
<td></td>
</tr>
<tr>
<td>How many residue parcels will exist?</td>
<td></td>
</tr>
<tr>
<td>What are the cuts or fills / Are there any changes in grade?</td>
<td></td>
</tr>
<tr>
<td>Will there be any structures that will become obsolete?</td>
<td></td>
</tr>
<tr>
<td>Will there be any impact upon utilities available to the residue?</td>
<td></td>
</tr>
<tr>
<td>Is a cost-to-cure necessary?</td>
<td></td>
</tr>
</tbody>
</table>

An access point from the Lowe’s Drive will be taken, leaving one access point from SR 66, right-in, right-out only. The residue will still meet minimum site size requirement of zoning.

### Site Size

<table>
<thead>
<tr>
<th>Site Size</th>
<th>Left</th>
<th>Right</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conforming / Non-Conforming</td>
<td>None</td>
<td>Yes</td>
</tr>
<tr>
<td>Landlocked Parcels?</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Grade Changes?</td>
<td>None</td>
<td>No</td>
</tr>
<tr>
<td>Proximity Issues?</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Utilities?</td>
<td>None</td>
<td>All Public</td>
</tr>
<tr>
<td>Permanent Impacts from Temp’s?</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Financial Impacts?</td>
<td>None</td>
<td>Access Property Right from parcel 21 extinguished, smaller site on residue, without 2nd access area.</td>
</tr>
<tr>
<td>Additional Comments / Issues?</td>
<td>None</td>
<td>Tenant(Auto Zone) may have right to terminate lease if eminent domain taking occurs</td>
</tr>
</tbody>
</table>

**Additional Comments**

No displacement, could be complex negotiation, an access property right will be taken from parcel 16: it has ingress/egress access across parcel 21, this right will be extinguished.

**Is the “Appraisal Problem” Simple or Complex?**

| Simple or Complex? | complex |

**Should the Agency get a Specialty Appraisal Report?**

| Yes/No | No |

**What is the minimum acceptable Appraisal Report Type?**

| Report Type | RE 25-17, ODOT R/W Appraisal Report |

**Signature of person preparing this Appraisal Problem Analysis:**

<table>
<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td>5/3/08</td>
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</tbody>
</table>
# Parcel Impact Notes

This document is meant to be an aid for scoping and is absolutely not to be interpreted as steering or directing an appraiser to an opinion that is not the appraiser’s. However, appraisers must comply with applicable appraiser standards, including USPAP as appropriate, and ODOT’s policies and procedures regarding appraisals.

## Project C/R/S
DEF 66-7.37

## PID
25098

## Construction Plans
6/13/2008

## Parcel
16T, PR

## R/W Plans
3/7/2008

## Owner/Tenants:
Venture Properties, LLC

## Take:
16T=0.101 net acres, no PRO
16PW=0.1085 acres, in the area of the access easement area, No PRO

## What is in Take?
16T=Lowe’s sign, marked save
16PR=access easement to Parcel 16 from Parcel 21 is extinguished, (21’ x 175’ area)

## Appraisal Issues / Significant Issues:
Along with the land taken from parcel 21WDV, there is an access property right in favor of parcel 16, Auto Zone store, owned in fee by Venture Properties. This access easement with/over parcel 21 to Lowe’s Drive will be extinguished, reducing access points to parcel 16 to one right in, right out drive. Maybe some loss in value in the after situation.

Parcel 16 seems to be a “tenant”, or easement-owner on parcel 21, and should be made an offer too.

## The valuation (appraisal) problem is:
- Simplistic ☐
- Complex ☒

## Recommended Appraisal Format:
RE 25-17 R/W Appraisal Report to include the following approaches to value:
- Cost Approach Y
- Sales Comparison Approach Y
- Income Capitalization Approach

## Review Appraiser
Pointy Pencil, Review Appraiser / 7/1/2008

## Approved by
I. Need it Yesterday, Agency Representative / 7/1/2008

## Appraiser Acknowledgement
I have reviewed the right of way plans and other pertinent parts of the construction plans, have driven by the subject, have reviewed these Parcel Impact Notes and I have independently performed my own appraisal problem analysis. I am in agreement regarding the valuation (appraisal) problem, the determination of the complexity of this problem, and I agree that the recommended format is appropriate for use during the acquisition phase of this project.

## Signature / Date
Mr. Pre-Approved Appraiser, MAI, ASA, SRA, CCIM or agency staff appraiser / 7/1/2008
1. ODOT – SUMMARY RIGHT OF WAY APPRAISAL REPORT

IDENTIFICATION OF SUBJECT PROPERTY: 1803 N. Clinton Street
Defiance, Ohio 43512

IDENTIFICATION OF PROJECT/PARCEL: DEF 66-7.37
PARCEL 16
(PID) 25098
(SJN) 415240
(FPN) E060082

PREPARED FOR: The Ohio Department of Transportation
Real Estate Administration,

PREPARED BY:

DATE OF VALUE: 4-27-2009
This appraisal review template is to be used for the review of R/W Appraisal Reports that have been prepared to estimate compensation to owners for the part taken and damages, if any, to the part not taken. R/W Appraisal Reports prepared for the Department must comply with instructions included in the template for the form RE 25-17 as well as ODOT’s Real Estate Manual and with the USPAP.

- **Recommended** = The report meets the many Federal and State requirements (including USPAP) and is recommended as the basis for the acquiring agency's offer.
- **Accepted** = The report meets the many Federal and State requirements (including USPAP) but is not recommended as the basis for the acquiring agency's offer.
- **Not Accepted** = The report does not meet the many Federal and State requirements (including USPAP) and will not be used as the basis for the acquiring agency's offer.

1. **State the identity of the client:** [SR 3-5(a)]
   
   The client is the Ohio Department of Transportation (ODOT).

2. **State the identity of any intended users of this appraisal review:** [SR 3-5(a)]
   
   The intended users of the appraisal review are the Ohio Department of Transportation (ODOT), the Ohio Attorney General's Office, and the report is a public record.

3. **State the intended use of this appraisal review:** [SR 3-5(b)]
   
   The intended use of the reviewer’s opinions and conclusions are to assist the Ohio Department of Transportation (ODOT) in establishing F.M.V.E. in compliance with the Uniform Act, Ohio law and the appropriate Federal and State regulations, or, to provide a documented reason as to why the appraisal report is not acceptable, or, is not to be used as a basis to establish F.M.V.E.

4. **State the purpose of the appraisal review:** [SR 3-5(c)]
   
   The purpose of this appraisal review is to:

   (i) determine if the appraisal meets the definition of an appraisal found in 49 CFR 24.2(a)(3) and OAC 5501:2-5-01(B)(3);

   (ii) determine if the appraisal meets the appraisal requirements found in 49 CFR 24.103 and the OAC 5501:2-5-06 (C)(1)(b);

   (iii) determine if the appraisal meets published ODOT procedures regarding the RE 25-17 Summary.
R/W Appraisal Report format;
(iv) determine if the appraiser’s data, reasoning and support are adequate for the value conclusion(s) reported in the analysis, and;

(v) if the appraisal report is concluded to be adequate, make a determination if the report is to be recommended as a basis for the establishment of the amount of just compensation which is FMVE.

5. Identify the work under review: [SR 3-5(d)]

(i) Identify the ownership interest of the property that is the subject of the work under review;

(ii) Identify the date of the work under review;

(iii) Identify the effective date of the opinions or conclusions in the work under review;

(iv) Identify the appraiser who completed the work under review.

6. State the effective date of this appraisal review: [SR 3-5(e)]

7. Clearly and conspicuously;

State any extraordinary assumptions of this appraisal review and that their use might have affected the assignment results: [SR 3-5(f)]

State any hypothetical conditions of this appraisal review and that their use might have affected the assignment results: [SR 3-5(f)]

*Note: The review appraiser’s use of extraordinary assumptions or hypothetical conditions without the client’s prior knowledge is contrary to the spirit of USPAP. These items should be discussed with the client during the definition of the problem phase of the appraisal review assignment or as soon as the review appraiser becomes aware of the need to incorporate them in the assignment so they can be incorporated into the scope of...
8. State the scope of work used to develop this appraisal review: [SR 3-5(g)]

(i) To identify the extent of the review process, the reviewer has:

- [ ] Reviewed the right of way plans
- [ ] Reviewed construction plans
- [ ] Viewed subject property
- [ ] Viewed comparable properties
- [ ] Read the appraisal report

(ii) Analyzed the appraisal report for compliance with:

- [ ] Uniform Act/ 42USC CH 61/49 CFR Part 24
- [ ] O.R.C. 163/OAC 5501:2-5-06
- [ ] ODOT Real Estate Manual Sections 4100 to 4500
- [ ] USPAP

(iii) Analyzed the appraisal for:

- [ ] Appraisal theory and techniques
- [ ] Proper before and after analysis
- [ ] Mathematical accuracy
- [ ] Reasonableness and consistency
- [ ] Fair, supportable compensation

Review of the RE 25-17 R/W Appraisal Report

9. Did the appraiser use the Form RE 25-17(Revised 07-2012)?  [ ] Yes  [ ] No

10. The appraiser included the Certificate of Appraiser: Form RE 25-6 (Revised 1-2012)?  [ ] Yes  [ ] No

11. Is the appraiser an approved ODOT consultant, or an approved agency staff appraiser?  [ ] Yes  [ ] No

12. Is there a copy of the PIN in the appraisal report?  [ ] Yes  [ ] No
Appraisal Review Case Study

RE 25-16
Rev. 10-2012

13. Are the PIN’s signed by the appraiser, review appraiser, and agency official? □ Yes □ No

14. Has the appraiser adequately complied with the scope of work outlined in the Parcel Impact Notes? □ Yes □ No

15. Are there tenant-owned improvements classified as real property? □ Yes □ No

15a. If yes, did the appraiser allocate a contributory value to the tenant-owned improvements? □ Yes □ No □ N/A

15b. If yes, how will salvage value be addressed on the form RE 22-1?

Review of Part 1 – Introduction

16. Did the appraiser include any extraordinary assumptions or hypothetical conditions? □ Yes □ No

16a. If yes, were the assumptions or conditions agreed to by the client? □ Yes □ No □ N/A

17. Does the use of any assumptions or conditions effect the credibility of the report? □ Yes □ No

18. Is this a “Limited Scope” Appraisal? □ Yes □ No □ N/A

18a. If yes, what are the limitations of the scope?

18b. If yes, did the appraiser comply with the limitations of the scope? □ Yes □ No □ N/A

19. Did the appraiser adequately comply with Part 1 of the RE 25-17? □ Yes □ No

Review of Part 2 – Factual Data Before The Taking

20. Did the appraiser adequately comply with Part 2 of the RE 25-17? □ Yes □ No

20a. If No, explain below and also conclude whether the appraisal is still credible;
Review of Part 3 – Valuation Before The Taking

21. What is the value of the whole property –Before the taking? ______

22. Has the appraiser considered all relevant and reliable approaches to value? □ Yes □ No

23. Did the appraiser adequately comply with Part 3 of the RE 25-17? □ Yes □ No

23a. If no, explain below and also conclude whether the appraisal is still credible.

Review of Part 4 – Analysis of The Take

24. What is the allocated value of those items in the take area, if any?

   Land:: $_____  
   Site Improvements:: $_____  
   Structures:: $_____  
   Total = Part Taken: $0

25. Did the appraiser adequately comply with Part 4 of the RE 25-17? □ Yes □ No

25a. If no, explain below and also conclude whether the appraisal is still credible

Review of Part 5 – Factual Data After The Taking

□ N/A due to limited scope of work

26. Has the appraiser adequately described the residue in its uncured condition? □ Yes □ No

26a. What is the effect of the taking on the uncured residue property?  
[Reviewer must discuss changes in H&B Use or changes in intensity of H&B Use]
Appraisal Review Case Study

RE 25-16
Rev. 10-2012

Project: (C/R/S)
PID: (PID #)
Parcel: (PCL #) (Owner)

27. Did the appraiser consider a cure? □ Yes □ No

27a. If yes, has the appraiser adequately described the residue in its cured condition? □ Yes □ No

27b. What is the effect of the taking on the cured residue?
[Reviewer must discuss changes in H&B Use or changes in intensity of H&B Use]

28. Did the appraiser adequately comply with Part 5 of the RE 25-17? □ Yes □ No

28a. If no, explain below and also conclude whether the appraisal is still credible

Review of Part 6 - Valuation of the Residue Uncured

□ N/A due to limited scope of work

29. Did the appraiser value the residue uncured? □ Yes □ No

30. Has the appraiser considered all relevant and reliable approaches to value? □ Yes □ No

31. What are total damages uncured;

\[
\begin{array}{c}
\text{Value Before the Taking} \\
\text{Value of the Residue Uncured} (-) \\
\hline
\text{Difference} & 0 \\
\text{Part Taken} (-) \\
\hline
\text{Total Damages, If Uncured} & 0
\end{array}
\]

32. Did the appraiser adequately comply with Part 6 of the RE 25-17? □ Yes □ No

32a. If no, explain below and also conclude whether the appraisal is still credible.

Review of Part 7 - Feasibility of the Cost-To-Cure

33. Was a Cure considered? □ Yes □ No
33a. If Yes, briefly describe the cure.

33b. If Yes, Is the cure feasible?  □ Yes  □ No

34. Did the appraiser adequately comply with Part 7 of the RE 25-17?  □ Yes  □ No

34a. If No, explain below and also conclude whether the appraisal is still credible;

**Review of Part 8 - Valuation of the Residue As Cured**

□ N/A due to limited scope of work

35. Did the appraiser value the residue cured?  □ Yes  □ No

36. Has the appraiser considered all relevant and reliable approaches to value?  □ Yes  □ No

37. Are there damages remaining after the cure has been considered?

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of the residue as cured</td>
<td>$</td>
</tr>
<tr>
<td>Value of the Residue Uncured</td>
<td>(-) $</td>
</tr>
<tr>
<td>Value of the Cure</td>
<td>$</td>
</tr>
<tr>
<td>Remaining Damages Uncured</td>
<td>(-) $</td>
</tr>
<tr>
<td>Total Damages, if Uncured</td>
<td>$</td>
</tr>
<tr>
<td>Remaining Damages Uncured</td>
<td>$0</td>
</tr>
</tbody>
</table>

37a. Reviewer’s explanation of remaining uncured damages

38. How has the Net Cost-to-Cure been addressed:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost-to-Cure</td>
<td>$</td>
</tr>
<tr>
<td>Items cured but paid for in the take</td>
<td>(+)$</td>
</tr>
<tr>
<td>Net Cost-to-Cure</td>
<td>$0</td>
</tr>
</tbody>
</table>
38a. Reviewer’s explanation of Net Cost-to-Cure:

39. Did the appraiser adequately comply with Part 8 of the RE 25-17? □ Yes □ No

39a. If no, explain below and also conclude whether the appraisal is still credible.

Review of Part 9- Compensation Estimate for Temporary Easements

□ N/A

40. Did the appraiser adequately and reasonably consider any temporary easements? □ Yes □ No

41. Was the compensation for the temporary based upon the residue property? □ Yes □ No

Review of Part 10 - Valuation and Compensation Estimate

42. Allocate the appraiser’s estimate of compensation:

The Compensation Estimate

The Part Taken $____

+ Damages $____

Net Cost-to-Cure $____

Damages Uncured $____

Total Damages $0

+ Temporary Easements $____

Total Compensation $0

43. Did the appraiser adequately comply with Part 10 of the RE 25-17? □ Yes □ No

43a. If no, explain below and also conclude whether the appraisal is still credible.

44. State the reviewer’s opinions and conclusions about the work under review,
Including the reasons for any disagreement. [Sr3-5(H)]

The reviewer’s final comments should adequately set forth conclusions about the following:

- Does the appraisal comply with the USPAP?
- Does the appraisal comply with the real estate appraisal procedures of the Ohio Department of Transportation?
- In the reviewer’s opinion, is the estimate of compensation fair and reasonable, adequately supported in compliance with procedure and does it adequately consider compensation for the part taken and damages, if any, to the part not taken?
- Does the reviewer recommend the appraisal report as the basis of FMVE to the property owner?
Reviewer’s Certification

I disclose that:

☐ I am an employee of the Ohio Department of Transportation approved to perform appraisal review services.

☐ I am a consultant approved by the ODOT Office of Consultant Services to perform appraisal review services for ODOT projects and Federally funded projects.

☐ I have not provided any services regarding the subject property within the three year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity. (If this box is not checked then the appraiser must provide an explanation and clearly and conspicuously disclose whatever services have been provided for this property in the past three years.)

No one provided significant real property appraisal review assistance to the person signing this certification. If this box is not checked then the appraiser must explain below:

☐ (When any portion of the work involves significant real property appraisal assistance, the appraiser must describe the extent of that assistance. The signing appraiser must also state the name(s) of those providing the significant real property appraisal assistance in the certification, in accordance with Standards Rule 2-3.)

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

❖ The statements of fact contained in this report are true and correct.

❖ I have physically viewed the subject property and the take area of the subject property of the work under review.

❖ I have personally viewed the comparable sales in the field used in the valuation.

❖ The Appraisal Report reviewed complies with Sections 4000 through 4500 of the Real Estate Manual promulgated by the Office of Real Estate, Ohio Department of Transportation.

❖ That I understand that such appraisal review report may be used in connection with the acquisition of right of way for a transportation project to be constructed by the State of Ohio with the assistance of Federal-Aid Highway Funds or other Federal Funds.

❖ That such appraisal review report has been made in conformity with the appropriate State laws, regulations, and policies and procedures applicable to appraisal of right of way for such purposes; and that to the best of my knowledge no portion of the value assigned to such property consists of items which are non-compensable under the established law of the State of Ohio.

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

❖ I have no present or prospective interest in the property that is the subject of the work under review and no personal interest with respect to the parties involved.

❖ I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.

❖ My engagement in this assignment was not contingent upon developing or reporting predetermined results.

❖ My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.

❖ My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

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

My class of certification is: (insert your certification or licensure)

☐ is within the scope of my certification or licensure

☐ is not within the scope of my certification or licensure

My certification/license number is: (insert your license number)

Appraisal Reviewer Signature

Typed Name

Date:
We, the undersigned, hereby certify that this estimate contains no allowance for any item contrary to Ohio law and that the amount shown represents the fair market value of the right of way to be acquired.
**Appraisal Review Case Study**

<table>
<thead>
<tr>
<th>Agency Signature Establishing FMVE</th>
<th>Date</th>
<th>Administrative Settlement / Case Settlement</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typed Name &amp; Title</td>
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<td>Typed Name &amp; Title</td>
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</tr>
<tr>
<td>Agency Name</td>
<td></td>
<td>Agency Name</td>
<td></td>
</tr>
</tbody>
</table>

**APPRaisal AND REVIEW RECORD**

<table>
<thead>
<tr>
<th>FEE/STAFF</th>
<th>APPRAISER</th>
<th>VALUE OF TAKING</th>
<th>DATE APPR SIGNED</th>
<th>TOTAL TAKE</th>
<th>PARTIAL TAKE</th>
<th>TYPE REPORT</th>
<th>TYPE OF SPECIALISTS REPORT</th>
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**REVIEW APPRAISER**

<table>
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<td>AMOUNT</td>
<td>DATE</td>
<td>AMOUNT</td>
<td>DATE</td>
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</table>

**Reviewer’s Reasoning for the Value Estimate:**
### Appraisal Review Case Study

**APPORTIONMENT OF RIGHT OF WAY COSTS**

Please print on Blue Paper

<table>
<thead>
<tr>
<th>Fee Owner</th>
<th>Section</th>
<th>Parcel No.</th>
<th>P.I.D.</th>
<th>State Job #</th>
<th>Federal Project</th>
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<tbody>
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<tr>
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<tr>
<td>BS – 3</td>
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<td>BS – 4</td>
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</table>

#### PAR NO. ITEMS INCLUDED IN THE APPRAISAL

<table>
<thead>
<tr>
<th>PAR NO.</th>
<th>ITEMS INCLUDED IN THE APPRAISAL</th>
<th>FMVE Apportionment</th>
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<tbody>
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<td>FEE</td>
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<td>BS-1</td>
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<td>BS-3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BS-4</td>
</tr>
</tbody>
</table>

**REMARKS:** RE 22-2

Rev.02/2008
REVIEW APPRAISER'S STATEMENT

I, the undersigned, a fully authorized Review Appraiser of the State of Ohio, Department of Transportation, hereby state as follows:

1. From the information available to me on this date, I have estimated the fair market value of subject parcel and its collateral agreement to be *Amount*. This supersedes the finding dated .

2. I understand that this parcel is, or may become a part of a Federal-aid highway project.

3. I did view the subject property and did view the comparable sales in the appraisal report to the extent required to reach a conclusion as to the reasonableness of the value estimate contained therein.

4. I do not have a direct or indirect, present or contemplated personal interest in such property or in any benefit from the acquisition of such property appraised.

5. My estimate has been independently based on appraisals and other factual data of record without collaboration or direction.

6. The amount established above contains no allowance for any item contrary to Ohio Law. It is my understanding that the amount of *Amount* is eligible for Federal Reimbursement. The variation between items (1) and (6) is due to .

DATE: ____________________________

Appraisal Reviewer: ____________________________

Reviewer Authorization Date: ____________________________
XX/XX/2012 (Date)

Mr. Pre-Approved Appraiser  
2011 Eminent Domain Way  
Anywhere, Ohio 12345

Re: CTY-RT-SEC  
Parcel # (Owner Name)

Dear Mr. Pre-Approved Appraiser,

I have reviewed your report on the project and parcel shown above and have the following comments and questions. This review letter does describe the ODOT Procedures, Federal or State law or USPAP Standards which may have been violated and does outline recourse to correct or clarify the issues.

This reviewer inspected the site on XX/XX/2012 (Date). The report was desk reviewed on XX/XX/2012 (Date). The appraisal report and all copies of the report are being returned to the appraiser for correction or clarification of the items addressed in this letter. Anyone that retains a copy of this report will have an invalid copy.

The reviewer has listed all known items that require corrections or additional clarification. Admittedly, some are minor and would not cause the appraisal to be rejected based upon their own merit. Others are major and would cause the report to be rejected. As the appraisal needs to be corrected, all issues are listed and are as follows:

1. A. Describe, identify, note, the item in the appraisal that needs to be reconsidered
   B. Site the law or procedure or regulation that has been violated
   C. Suggest a course of action the appraiser may follow to comply with the law, procedure or regulation.

2. A. Describe, identify, note, the item in the appraisal that needs to be reconsidered.
   B. Site the law or procedure or regulation that has been violated
   C. Suggest a course of action the appraiser may follow to comply with the law, procedure or regulation.

3. A. Describe, identify, note, the item in the appraisal that needs to be
reconsidered

B. Site the law or procedure or regulation that has been violated

C. Suggest a course of action the appraiser may follow to comply with the law, procedure or regulation.

4. A. Describe, identify, note, the item in the appraisal that needs to be reconsidered.

B. Site the law or procedure or regulation that has been violated

C. Suggest a course of action the appraiser may follow to comply with the law, procedure or regulation.

These items must be addressed prior to the appraisal being approved by ODOT. All copies of the report are being returned to you for correction and/or clarification. Anyone having a copy of this appraisal will also need to return it so that corrections and/or clarifications can be made. This appraisal as it exists does not represent ODOT’s approved FMVE for this parcel.

Please submit corrections and/or clarifications of these items to this office within 10 business days of the date of this letter. It is imperative that ODOT projects not fall behind schedule. If you have any questions regarding this review letter, or other issues regarding ODOT procedures, please contact this office at (area code) (phone) as soon as possible.

Respectfully,

Pointy Pencil, Review Appraiser

Sharper Than-A-knife, Realty Specialist Manager
ODOT District Real Estate Office

ST:PP:pp

cc: S. Than-A-Knife
Case Study Considerations

The review appraiser’s initial desk review of the RE25-17 should first consider the ODOT review template RE25-16. Using this form also requires the review appraiser to understand the instructions provided in the appraisal template (Blank, RE25-17, italic text).

Whether the review appraiser intends to accept or reject the appraisal report, the RE25-16 review form must be completed, item’s 1- 44, and the Reviewer’s Certification must be signed by the review appraiser. The reviewer’s conclusions about the appraisal report (Recommend, Accept, Reject, and or, Seek Corrections) will determine which appraisal review forms will, finally, be completed. (Please note, becoming “the appraiser of record” for this case study is not an option for the student)

QUESTION: Based on the RE25-16 requirements, can the review appraiser begin to adequately respond to items 1-44 on the review form? If yes, continue to complete the form. If no, the review appraiser should document his or her concerns, reread the appraisal until each question can be answered adequately.

The first eight (8) questions on the RE25-16 pertain to the appraisal review process and review report:

The Client,
Intended Users of the appraisal and review,
Intended Use of the appraisal and review report,
Purpose of the review,
Identifying the work under review,
Identifying the appraiser,
Extraordinary Assumptions Hypothetical Conditions, and,
Scope of Work Issues.

Questions 9-15, on the RE25-16 pertain to the:

Proper appraisal form to be used,
Appraiser certifications and pre-qualifications,
PIN instructions to the appraiser, and,
Appraiser’s adherence to the PIN, also,
Tenant-owned improvements

The remaining questions on the RE25-16 pertain directly to the:

Appraiser’s development and reporting of market data facts, and
Appraiser’s conclusions regarding the subject parcel, and,
Review appraiser’s analysis of the appraiser’s final report.
QUESTION: Based on the choices available to the appraiser on the RE25-16, does the review appraiser intend to: Recommend, Accept, or Not Accept the appraisal report, and seek corrections?

If the reviewer intends to recommend, the required forms to be completed are the RE25-16, RE-22, RE-25-06, and the RE-22-2, at a minimum. The RE 22-1, and RE 25-7 may be needed as well.

If the reviewer intends to only accept the appraisal report, the required forms are the RE 25-16, detailing why the appraisal is only accepted, along with the Reviewer’s Certification.

If the reviewer intends to not accept the appraisal report, and seek corrections, the required forms to be completed are the Re25-16 and the Review Letter form, addressed to the appraiser.

The reading of the class manual and the appraisal report(s), and discussions during class, and the student’s preparation and completion of the ODOT appraisal review forms are the essential focus of each student. Sound appraisal theory, eminent domain appraisal experience, knowledge about Federal, State, and ODOT appraisal/appraisal review requirements are essential. It is the reasoning of the review appraiser that is on display during the case study class.

The reasons why a review appraiser did, or did not accept the appraisal become the issue, or topic of discussion at ODOT, when a parcel’s appraisal must be recommended, and FMVE established by management at ODOT, to go into negotiation stage with the property owner. The reasons for recommending the appraisal are documented on the RE25-16 and the RE22 (see sample RE22 in the appendix) The reasons for not accepting an appraisal report are documented on the RE25-16, and in the Review Letter form (see sample review letter in the appendix). If a review letter is sent to the appraiser, an additional time of 10 business days is required for the appraiser to reconsider the items in the review letter.

The conclusions of each student will be documented on the respective ODOT appraisal review form and submitted to the instructor for further analysis. No test is required for this class, however, an assessment of each student’s participation, and the soundness of their reasoning, pro or con, will be reviewed by class instructor.
There is a final disposition on the parcel. Negotiations and settlements are complete and each review document, and administrative settlement document is available for review by each student. The decisions of ODOT are final on the acquisition.

(OPEN DISCUSSION DURING THE CLASS)
Appendix
CITATIONS:

Each participant, or review appraiser must acknowledge that they have read and understand the laws, regulations, and procedures of ODOT eminent domain appraisal and review.

Included here are selected citations from the United States Code (USC), the Code of Federal Regulations (CFR), the Ohio Revised Code (ORC), Ohio Administrative Code (OAC), and ODOT Real Estate Procedures Manual which pertain to appraisal review requirements.

Each Pre-Approved ODOT Review Appraiser must be familiar with these laws and regulations that are referenced.

Title 42 The Public Health and Welfare, Chapter 61 of the USC

SUBCHAPTER III UNIFORM REAL PROPERTY ACQUISITION POLICY

Sec.4651. Uniform policy on real property acquisition practices

In order to encourage and expedite the acquisition of real property by agreements with owners, to avoid litigation and relieve congestion in the courts, to assure consistent treatment for owners in the many Federal programs, and to promote public confidence in Federal land acquisition practices, heads of Federal agencies shall, to the greatest extent practicable, be guided by the following policies:

(1) The head of a Federal agency shall make every reasonable effort to acquire expeditiously real property by negotiation.

(2) Real property shall be appraised before the initiation of negotiations, and the owner or his designated representative shall be given an opportunity to accompany the appraiser during his inspection of the property, except that the head of the lead agency may prescribe a procedure to waive the appraisal in cases involving the acquisition by sale or donation of property with a low fair market value.

(3) Before the initiation of negotiations for real property, the head of the Federal agency concerned shall establish an amount which he believes to be just compensation therefor and shall make a prompt offer to acquire the property for the full amount so established. In no event shall such amount be less than the agency's approved appraisal of the fair market value of such property. Any decrease or increase in the fair market value of real property prior to the date of valuation caused by the public improvement for which such property is acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within the reasonable control of the owner, will be disregarded in determining the compensation for the property. The head of the Federal agency concerned shall provide the owner of real property to be acquired with a written statement of, and summary of the basis for, the amount he established as just compensation. Where appropriate the just compensation for the real property acquired and for damages to remaining real property shall be separately stated.

(4) No owner shall be required to surrender possession of real property before the head of the Federal agency concerned pays the agreed purchase price, or deposits with the court in accordance with section 258a of title 40, for the benefit of the owner, an amount not less
than the agency’s approved appraisal of the fair market value of such property, or the amount of the award of compensation in the condemnation proceeding for such property.

(5) The construction or development of a public improvement shall be so scheduled that, to the greatest extent practicable, no person lawfully occupying real property shall be required to move from a dwelling (assuming a replacement dwelling as required by subchapter II of this chapter will be available), or to move his business or farm operation, without at least ninety days’ written notice from the head of the Federal agency concerned, of the date by which such move is required.

(6) If the head of a Federal agency permits an owner or tenant to occupy the real property acquired on a rental basis for a short term or for a period subject to termination by the Government on short notice, the amount of rent required shall not exceed the fair rental value of the property to a short-term occupier.

(7) In no event shall the head of a Federal agency either advance the time of condemnation, or defer negotiations or condemnation and the deposit of funds in court for the use of the owner, or take any other action coercive in nature, in order to compel an agreement on the price to be paid for the property.

(8) If any interest in real property is to be acquired by exercise of the power of eminent domain, the head of the Federal agency concerned shall institute formal condemnation proceedings. No Federal agency head shall intentionally make it necessary for an owner to institute legal proceedings to prove the fact of the taking of his real property.

(9) If the acquisition of only a portion of a property would leave the owner with an uneconomic remnant, the head of the Federal agency concerned shall offer to acquire that remnant. For the purposes of this chapter, an uneconomic remnant is a parcel of real property in which the owner is left with an interest after the partial acquisition of the owner's property and which the head of the Federal agency concerned has determined has little or no value or utility to the owner.

(10) A person whose real property is being acquired in accordance with this subchapter may, after the person has been fully informed of his right to receive just compensation for such property, donate such property, and part thereof, any interest therein, or any compensation paid therefor to a Federal agency, as such person shall determine.

Sec. 4652. Buildings, structures, and improvements

(a) Notwithstanding any other provision of law, if the head of a Federal agency acquires any interest in real property in any State, he shall acquire at least an equal interest in all buildings, structures, or other improvements located upon the real property so acquired and which he requires to be removed from such real property or which he determines will be adversely affected by the use to which such real property will be put. (b)

(1) For the purpose of determining the just compensation to be paid for any building, structure, or other improvement required to be acquired by subsection (a) of this section, such building, structure, or other improvement shall be deemed to be a part of the real property to be acquired notwithstanding the right or obligation of a tenant, as against the owner of any other interest in the real property, to remove such building, structure, or
improvement at the expiration of his term, and the fair market value which such building, structure, or improvement contributes to the fair market value of the real property to be acquired, or the fair market value of such building, structure, or improvement for removal from the real property, whichever is the greater, shall be paid to the tenant therefor.

(2) Payment under this subsection shall not result in duplication of any payments otherwise authorized by law. No such payment shall be made unless the owner of the land involved disclaims all interest in the improvements of the tenant. In consideration for any such payment, the tenant shall assign, transfer, and release to the United States all his right, title, and interest in and to such improvements. Nothing in this subsection shall be construed to deprive the tenant of any rights to reject payment under this subsection and to obtain payment for such property interests in accordance with applicable law, other than this subsection.

Code of Federal Regulations, Section 23:

710.309 Acquisition. The process of acquiring real property includes appraisal, appraisal review, establishing just compensation, negotiations, administrative and legal settlements, and condemnation. The State shall conduct acquisition and related relocation activities in accordance with 49 CFR Part 24.

Code of Federal Regulations, Section 49, part 24

§ 24.102 Basic acquisition policies.

(a) Expeditious acquisition.

The Agency shall make every reasonable effort to acquire the real property expeditiously by negotiation.

(b) Notice to owner.

As soon as feasible, the Agency shall notify the owner in writing of the Agency’s interest in acquiring the real property and the basic protections provided to the owner by law and this part. (See §24.203.)

(c) Appraisal, waiver thereof, and invitation to owner.

(1) Before the initiation of negotiations the real property to be acquired shall be appraised, except as provided in §24.102 (c)(2), and the owner, or the owner’s designated representative, shall be given an opportunity to accompany the appraiser during the appraiser’s inspection of the property.

(d) Establishment and offer of just compensation.

Before the initiation of negotiations, the Agency shall establish an amount which it believes is just compensation for the real property. The amount shall not be less than the approved appraisal of the market value of the property, taking into account the value of allowable damages or benefits to any remaining property. An Agency official must establish the amount believed to be just compensation. (See §24.104.)
thereafter, the Agency shall make a written offer to the owner to acquire the property for the full amount believed to be just compensation. (See appendix A, §24.102(d).)

(e) Summary statement.

Along with the initial written purchase offer, the owner shall be given a written statement of the basis for the offer of just compensation, which shall include:

(1) A statement of the amount offered as just compensation. In the case of a partial acquisition, the compensation for the real property to be acquired and the compensation for damages, if any, to the remaining real property shall be separately stated.

(2) A description and location identification of the real property and the interest in the real property to be acquired.

(3) An identification of the buildings, structures, and other improvements (including removable building equipment and trade fixtures) which are included as part of the offer of just compensation. Where appropriate, the statement shall identify any other separately held ownership interest in the property, e.g., a tenant-owned improvement, and indicate that such interest is not covered by this offer.

§ 24.103 Criteria for appraisals.

(a) Appraisal requirements.

This section sets forth the requirements for real property acquisition appraisals for Federal and federally-assisted programs. Appraisals are to be prepared according to these requirements, which are intended to be consistent with the Uniform Standards of Professional Appraisal Practice (USPAP). 1 (See appendix A, §24.103(a).) The Agency may have appraisal requirements that supplement these requirements, including, to the extent appropriate, the Uniform Appraisal Standards for Federal Land Acquisition (UASFLA). 2

(1) The Agency acquiring real property has a legitimate role in contributing to the appraisal process, especially in developing the scope of work and defining the appraisal problem. The scope of work and development of an appraisal under these requirements depends on the complexity of the appraisal problem.

1 Uniform Standards of Professional Appraisal Practice (USPAP). Published by The Appraisal Foundation, a nonprofit educational organization. Copies may be ordered from The Appraisal Foundation at the following URL: http://www.appraisalfoundation.org/htm/USPAP2004/toc.htm.

2 The “Uniform Appraisal Standards for Federal Land Acquisitions” is published by the Interagency Land Acquisition Conference. It is a compendium of Federal eminent domain appraisal law, case and statute, regulations and practices. It is available at http://www.usdoj.gov/enrd/land-ack/toc.htm or in soft cover format from the Appraisal Institute at
(2) The Agency has the responsibility to assure that the appraisals it obtains are relevant to its program needs, reflect established and commonly accepted Federal and federally-assisted program appraisal practice, and as a minimum, complies with the definition of appraisal in §24.2(a)(3) and the five following requirements: (See appendix A, §§24.103 and 24.103(a).)

(i) An adequate description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, an adequate description of the remaining property), including items identified as personal property, a statement of the known and observed encumbrances, if any, title information, location, zoning, present use, an analysis of highest and best use, and at least a 5-year sales history of the property. (See appendix A, §24.103(a)(1)).

(ii) All relevant and reliable approaches to value consistent with established Federal and federally-assisted program appraisal practices. If the appraiser uses more than one approach, there shall be an analysis and reconciliation of approaches to value used that is sufficient to support the appraiser's opinion of value. (See appendix A, §24.103(a).)

(iii) A description of comparable sales, including a description of all relevant physical, legal, and economic factors such as parties to the transaction, source and method of financing, and verification by a party involved in the transaction.

(iv) A statement of the value of the real property to be acquired and, for a partial acquisition, a statement of the value of the damages and benefits, if any, to the remaining real property, where appropriate.

(b) Influence of the project on just compensation.

The appraiser shall disregard any decrease or increase in the market value of the real property caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for the project, other than that due to physical deterioration within the reasonable control of the owner. (See appendix A, §24.103(b).)

(c) Owner retention of improvements.

If the owner of a real property improvement is permitted to retain it for removal from the project site, the amount to be offered for the interest in the real property to be acquired shall be not less than the difference between the amount determined to be just compensation for the owner's entire interest in the real property and the salvage value (defined at §24.2(a)(24)) of the retained improvement.

(d) Qualifications of appraisers and review appraisers.
(1) The Agency shall establish criteria for determining the minimum qualifications and competency of appraisers and review appraisers. Qualifications shall be consistent with the scope of work for the assignment. The Agency shall review the experience, education, training, certification/licensing, designation(s) and other qualifications of appraisers, and review appraisers, and use only those determined by the Agency to be qualified. (See appendix A, §24.103(d)(1).)

(2) If the Agency uses a contract (fee) appraiser to perform the appraisal, such appraiser shall be State licensed or certified in accordance with title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) (12 U.S.C. 3331 et seq.).

§ 24.104 Review of appraisals.

The Agency shall have an appraisal review process and, at a minimum:

(a) A qualified review appraiser (see §24.103(d)(1) and appendix A, §24.104) shall examine the presentation and analysis of market information in all appraisals to assure that they meet the definition of appraisal found in 49 CFR 24.2(a)(3), appraisal requirements found in 49 CFR 24.103 and other applicable requirements, including, to the extent appropriate, the UASFLA, and support the appraiser's opinion of value. The level of review analysis depends on the complexity of the appraisal problem. As needed, the review appraiser shall, prior to acceptance, seek necessary corrections or revisions. The review appraiser shall identify each appraisal report as recommended (as the basis for the establishment of the amount believed to be just compensation), accepted (meets all requirements, but not selected as recommended or approved), or not accepted. If authorized by the Agency to do so, the staff review appraiser shall also approve the appraisal (as the basis for the establishment of the amount believed to be just compensation), and, if also authorized to do so, develop and report the amount believed to be just compensation. (See appendix A, §24.104(a).)

(b) If the review appraiser is unable to recommend (or approve) an appraisal as an adequate basis for the establishment of the offer of just compensation, and it is determined by the acquiring Agency that it is not practical to obtain an additional appraisal, the review appraiser may, as part of the review, present and analyze market information in conformance with §24.103 to support a recommended (or approved) value. (See appendix A, §24.104(b).)

(c) The review appraiser shall prepare a written report that identifies the appraisal reports reviewed and documents the findings and conclusions arrived at during the review of the appraisal(s). Any damages or benefits to any remaining property shall be identified in the review appraiser's report. The review appraiser shall also prepare a signed certification that states the parameters of the review. The certification shall state the approved value, and, if the review appraiser is authorized to do so, the amount believed to be just compensation for the acquisition. (See appendix A, §24.104(c).)

§ 24.105 Acquisition of tenant-owned improvements.

(a) Acquisition of improvements.
When acquiring any interest in real property, the Agency shall offer to acquire at least an equal interest in all buildings, structures, or other improvements located upon the real property to be acquired, which it requires to be removed or which it determines will be adversely affected by the use to which such real property will be put. This shall include any improvement of a tenant-owner who has the right or obligation to remove the improvement at the expiration of the lease term.

(b) *Improvements considered to be real property.*

Any building, structure, or other improvement, which would be considered to be real property if owned by the owner of the real property on which it is located, shall be considered to be real property for purposes of this subpart.

(c) *Appraisal and Establishment of Just Compensation for a Tenant-Owned Improvement.*

Just compensation for a tenant-owned improvement is the amount which the improvement contributes to the market value of the whole property, or its salvage value, whichever is greater. (Salvage value is defined at §24.2(a)(23).)

**Appendix A to Part 24—Additional Information**

This appendix provides additional information to explain the intent of certain provisions of this part.

*Section 24.102(d) Establishment of offer of just compensation.*

The initial offer to the property owner may not be less than the amount of the Agency's approved appraisal, but may exceed that amount if the Agency determines that a greater amount reflects just compensation for the property.

*Section 24.103 Criteria for Appraisals.*

The term “requirements” is used throughout this section to avoid confusion with The Appraisal Foundation's Uniform Standards of Professional Appraisal Practice (USPAP) “standards.” Although this section discusses appraisal requirements, the definition of “appraisal” itself at §24.2(a)(3) includes appraisal performance requirements that are an inherent part of this section.

The term “Federal and federally-assisted program or project” is used to better identify the type of appraisal practices that are to be referenced and to differentiate them from the private sector, especially mortgage lending, appraisal practice.

*Section 24.103(a) Appraisal requirements.*

The first sentence instructs readers that requirements for appraisals for Federal and federally-assisted programs or projects are located in 49 CFR part 24. These are the basic appraisal requirements for Federal and federally-assisted programs or projects. However, Agencies may enhance and expand on them, and there may be specific project or program legislation that references other appraisal requirements.

These appraisal requirements are necessarily designed to comply with the Uniform Act and other Federal eminent domain based appraisal requirements. They are also considered to be consistent with Standards Rules 1, 2, and 3 of the 2004 edition of the USPAP. Consistency
with USPAP has been a feature of these appraisal requirements since the beginning of USPAP. This “consistent” relationship was more formally recognized in OMB Bulletin 92–06. While these requirements are considered consistent with USPAP, neither can supplant the other; their provisions are neither identical, nor interchangeable. Appraisals performed for Federal and federally-assisted real property acquisition must follow the requirements in this regulation. Compliance with any other appraisal requirements is not the purview of this regulation. An appraiser who is committed to working within the bounds of USPAP should recognize that compliance with both USPAP and these requirements may be achieved by using the Supplemental Standards Rule and the Jurisdictional Exception Rule of USPAP, where applicable.

The term “scope of work” defines the general parameters of the appraisal. It reflects the needs of the Agency and the requirements of Federal and federally-assisted program appraisal practice. It should be developed cooperatively by the assigned appraiser and an Agency official who is competent to both represent the Agency's needs and respect valid appraisal practice. The scope of work statement should include the purpose and/or function of the appraisal, a definition of the estate being appraised, and if it is market value, its applicable definition, and the assumptions and limiting conditions affecting the appraisal. It may include parameters for the data search and identification of the technology, including approaches to value, to be used to analyze the data. The scope of work should consider the specific requirements in 49 CFR 24.103(a)(1) through (5) and address them as appropriate.

Section 24.103(a)(1).

The appraisal report should identify the items considered in the appraisal to be real property, as well as those identified as personal property.

Section 24.103(a)(2).

All relevant and reliable approaches to value are to be used. However, where an Agency determines that the sales comparison approach will be adequate by itself and yield credible appraisal results because of the type of property being appraised and the availability of sales data, it may limit the appraisal assignment to the sales comparison approach. This should be reflected in the scope of work.

Section 24.103(b) Influence of the project on just compensation.

As used in this section, the term “project” means an undertaking which is planned, designed, and intended to operate as a unit.

When the public is aware of the proposed project, project area property values may be affected. Therefore, property owners should not be penalized because of a decrease in value caused by the proposed project nor reap a windfall at public expense because of increased value created by the proposed project.

Section 24.103(d)(1).

The appraiser and review appraiser must each be qualified and competent to perform the appraisal and appraisal review assignments, respectively. Among other qualifications, State licensing or certification and professional society designations can help provide an indication of an appraiser's abilities.
Section 24.104 Review of appraisals.

The term “review appraiser” is used rather than “reviewing appraiser,” to emphasize that “review appraiser” is a separate specialty and not just an appraiser who happens to be reviewing an appraisal. Federal Agencies have long held the perspective that appraisal review is a unique skill that, while it certainly builds on appraisal skills, requires more. The review appraiser should possess both appraisal technical abilities and the ability to be the two-way bridge between the Agency's real property valuation needs and the appraiser.

Agency review appraisers typically perform a role greater than technical appraisal review. They are often involved in early project development. Later they may be involved in devising the scope of work statements and participate in making appraisal assignments to fee and/or staff appraisers. They are also mentors and technical advisors, especially on Agency policy and requirements, to appraisers, both staff and fee. Additionally, review appraisers are frequently technical advisors to other Agency officials.

Section 24.104(a).

This paragraph states that the review appraiser is to review the appraiser's presentation and analysis of market information and that it is to be reviewed against §24.103 and other applicable requirements, including, to the extent appropriate, the Uniform Appraisal Standards for Federal Land Acquisition. The appraisal review is to be a technical review by an appropriately qualified review appraiser. The qualifications of the review appraiser and the level of explanation of the basis for the review appraiser's recommended (or approved) value depend on the complexity of the appraisal problem. If the initial appraisal submitted for review is not acceptable, the review appraiser is to communicate and work with the appraiser to the greatest extent possible to facilitate the appraiser's development of an acceptable appraisal.

In doing this, the review appraiser is to remain in an advisory role, not directing the appraisal, and retaining objectivity and options for the appraisal review itself.

If the Agency intends that the staff review appraiser approve the appraisal (as the basis for the establishment of the amount believed to be just compensation), or establish the amount the Agency believes is just compensation, she/he must be specifically authorized by the Agency to do so. If the review appraiser is not specifically authorized to approve the appraisal (as the basis for the establishment of the amount believed to be just compensation), or establish the amount believed to be just compensation, that authority remains with another Agency official.

Section 24.104(b).

In developing an independent approved or recommended value, the review appraiser may reference any acceptable resource, including acceptable parts of any appraisal, including an otherwise unacceptable appraisal. When a review appraiser develops an independent value, while retaining the appraisal review, that independent value also becomes the approved appraisal of the fair market value for Uniform Act Section 301(3) purposes. It is within Agency discretion to decide whether a second review is needed if the first review appraiser establishes a value different from that in the appraisal report or reports on the property.
Section 24.104(c).

Before acceptance of an appraisal, the review appraiser must determine that the appraiser's documentation, including valuation data and analysis of that data, demonstrates the soundness of the appraiser's opinion of value. For the purposes of this part, an acceptable appraisal is any appraisal that, on its own, meets the requirements of §24.103. An approved appraisal is the one acceptable appraisal that is determined to best fulfill the requirement to be the basis for the amount believed to be just compensation. Recognizing that appraisal is not an exact science, there may be more than one acceptable appraisal of a property, but for the purposes of this part, there can be only one approved appraisal.

At the Agency's discretion, for a low value property requiring only a simple appraisal process, the review appraiser's recommendation (or approval), endorsing the appraiser's report, may be determined to satisfy the requirement for the review appraiser's signed report and certification.

Section 24.106(b). Expenses incidental to transfer of title to the agency.

Generally, the Agency is able to pay such incidental costs directly and, where feasible, is required to do so. In order to prevent the property owner from making unnecessary out-of-pocket expenditures and to avoid duplication of expenses, the property owner should be informed early in the acquisition process of the Agency's intent to make such arrangements. Such expenses must be reasonable and necessary.

Ohio Constitution:

Article I Section § 19. Inviolability of private property.
Private property shall ever be held inviolate, but subservient to the public welfare. When taken in time of war or other public exigency, imperatively requiring its immediate seizure or for the pose of making or repairing roads, which shall be open to the public, without charge, a compensation shall be made to the owner, in money, and in all other cases, where private property shall be taken for public use, a compensation therefor shall first be made in money, or first secured by a deposit of money; and such compensation shall be assessed by a jury, without deduction for benefits to any property of the owner.

Ohio Revised Code Chapter 163
Cross-References to Related Sections
Appropriation of Property, RC § 163.01 et seq.

163.59 Policy for land acquisition.
In order to encourage and expedite the acquisition of real property by agreements with owners, to avoid litigation and relieve congestion in the courts, to assure consistent treatment for owners in the many state and federally assisted programs, and to promote public confidence in public land acquisition practices, heads of acquiring agencies shall do or ensure the acquisition satisfies all of the following:

(A) The head of an acquiring agency shall make every reasonable effort to acquire expeditiously real property by negotiation.
In order for an acquiring agency to acquire real property, the acquisition shall be for a defined public purpose that is to be achieved in a defined and reasonable period of time. An acquisition of real property that complies with section 5501.31 of the Revised Code satisfies the defined public purpose requirement of this division.

Real property to be acquired shall be appraised before the initiation of negotiations, and the owner or the owner’s designated representative shall be given a reasonable opportunity to accompany the appraiser during the appraiser’s inspection of the property, except that the head of the lead agency may prescribe a procedure to waive the appraisal in cases involving the acquisition by sale or donation of property with a low fair market value. If the appraisal values the property to be acquired at more than ten thousand dollars, the head of the acquiring agency concerned shall make every reasonable effort to provide a copy of the appraisal to the owner. As used in this section, “appraisal” means a written statement independently and impartially prepared by a qualified appraiser, or a written statement prepared by an employee of the acquiring agency who is a qualified appraiser, setting forth an opinion of defined value of an adequately described property as of a specified date, supported by the presentation and analysis of relevant market information.

Before the initiation of negotiations for real property, the head of the acquiring agency concerned shall establish an amount that the head of the acquiring agency believes to be just compensation for the property and shall make a prompt offer to acquire the property for no less than the full amount so established. In no event shall that amount be less than the agency’s approved appraisal of the fair market value of the property. Any decrease or increase in the fair market value of real property prior to the date of valuation caused by the public improvement for which the property is acquired, or by the likelihood that the property would be acquired for that 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.

The head of the acquiring agency concerned shall provide the owner of real property to be acquired with a written statement of, and summary of the basis for, the amount that the head of the acquiring agency established as just compensation. Where appropriate, the just compensation for real property acquired and for damages to remaining real property shall be separately stated.

The owner shall be given a reasonable opportunity to consider the offer of the acquiring agency for the real property, to present material that the owner believes is relevant to determining the fair market value of the property, and to suggest modification in the proposed terms and conditions of the acquisition. The acquiring agency shall consider the owner’s presentation and suggestions.

If information presented by the owner or a material change in the character or condition of the real property indicates the need for new appraisal information, or if a period of more than two years has elapsed since the time of the appraisal of the property, the head of the acquiring agency concerned shall have the appraisal updated or obtain a new appraisal. If updated appraisal information or a new appraisal indicates that a change in the acquisition offer is warranted, the head of the acquiring
agency shall promptly reestablish the amount of the just compensation for the property and offer that amount to the owner in writing.

(F) No owner shall be required to surrender possession of real property before the acquiring agency concerned pays the agreed purchase price, or deposits with the court for the benefit of the owner an amount not less than the agency’s approved appraisal of the fair market value of the property, or the amount of the award of compensation in the condemnation proceeding for the property.

(G) The construction or development of a public improvement shall be so scheduled that no person lawfully occupying real property shall be required to move from a dwelling, or to move the person’s business or farm operation, without at least ninety days’ written notice from the head of the acquiring agency concerned of the date by which the move is required.

(H) If the head of an acquiring agency permits an owner or tenant to occupy the real property acquired on a rental basis for a short term or for a period subject to termination on short notice, the amount of rent required shall not exceed the fair rental value of the property to a short-term occupier.

(I) In no event shall the head of an acquiring agency either advance the time of condemnation, or defer negotiations or condemnation and the deposit of funds in court for the use of the owner, or take any other action coercive in nature, in order to compel an agreement on the price to be paid for the real property.

(J) When any interest in real property is acquired by exercise of the power of eminent domain, the head of the acquiring agency concerned shall institute the formal condemnation proceedings. No head of an acquiring agency shall intentionally make it necessary for an owner to institute legal proceedings to prove the fact of the taking of the owner’s real property.

(K) If the acquisition of only part of a property would leave its owner with an uneconomic remnant, the head of the acquiring agency concerned shall offer to acquire that remnant. For the purposes of this division, an uneconomic remnant is a parcel of real property in which the owner is left with an interest after the partial acquisition of the owner’s property and which the head of the agency concerned has determined has little or no value or utility to the owner.

An acquisition of real property may continue while an acquiring agency carries out the requirements of divisions (A) to (K) of this section.

This section applies only when the acquisition of real property may result in an exercise of the power of eminent domain.

Effective Date: 09-06-2002

163.63 Condemnation - eminent domain.

Any reference in the Revised Code to any authority to acquire real property by “condemnation” or to take real property pursuant to a power of eminent domain is deemed to be an appropriation of real property
pursuant to this chapter and any such taking or acquisition shall be made pursuant to this chapter.
Effective Date: 2007 SB7 10-10-2007

THE ODOT REAL ESTATE MANUAL, SECTION 4000 THRU 4500.
This requires, in part, that:

4000.07 Valuation Procedural Requirements
B. All valuation formats shall be reviewed:

All appraisals and waiver of appraisals (Value Analysis Reports) performed during the acquisition phase of a project will be reviewed by a pre-approved review appraiser prior to being accepted by the acquiring agency. Review is a legal requirement if the purpose of the appraisal (or waiver of appraisal) is to estimate compensation during the acquisition phase of any project [OAC 5501:2-5-06 (D) and 49 CFR 24.104].

D. Minimum Award Procedure:

1. The minimum amount of compensation offered to an ownership is $300. Ownership is defined as a parcel (or parcel series) identified on the right of way plans. Husband and wife are one-ownership. The minimum offer applies when the aggregate total compensation of a parcel series is less than $300.

2. For the Value Analysis Report, these procedures shall be implemented by the person preparing the Value Analysis. For all other valuation formats the Minimum Award Procedures shall be implemented by the review appraiser when preparing the Review Appraisers Fair Market Value Estimate (RE 22).

3. Examples illustrating this procedure:

a. Parcel 1 is a series of takes and is owned by Fred Barnes. The parcel series includes 1WD and 1T. The person who prepared the Value Analysis estimated compensation at $150 for 1WD and $25 for 1T. The total compensation was $175. How much is recommended as compensation?

   Answer. Aggregate compensation for the parcel series is less than $300. The compensation amount is rounded up by the preparer to $300.

b. Parcel 10WD is owned by Sam and Melinda Smith. The appraiser estimated compensation at $100. Parcel 15WD is on the same project and is also owned by the Smith’s. On a separate appraisal, compensation for Parcel 15WD was estimated at $75. How much is recommended as compensation?

   Answer: There are two different parcel numbers and two different appraisal reports. Therefore, the reviewer is to recommend compensation at $300 for Parcel 10WD and another $300 in compensation for Parcel 15WD.

c. Three brothers jointly own a farm. The project requires a small strip acquisition from the farm identified as parcel 12WD. The compensation is $100. How much compensation should be recommended?
Answer: Parcel 12WD is one ownership parcel series. The ownership consists of 3 people. If the valuation format is a Value Analysis, then the preparer would round the award up to $300. All other valuation formats require the appraiser to estimate compensation with the reviewer implementing the minimum compensation procedures in the amount of $300. The negotiator is to make one offer naming the 3 brothers as the owner of the property.

d. Parcel 34WD is owned by Robert and Wanda Jones as husband and wife. The estimated compensation for the land was $100. There was also a small decorative stone wall in the take area that was estimated at $150. How much should be recommended as compensation?

Answer: The person estimating compensation should round the award up to $300 and one offer should be made to Mr. and Mrs. Jones.

E. Parcel Impact Notes (PIN’s) are required on all valuation parcels.

F. Project Influence: All valuations must ignore project influence in the analysis of the property “before the taking” [ORC 163.59(D), OAC 5501:2-5-06(C)(2) and 49 CFR 24.103 (b)].

4000.08 Conflict of Interest

A. No appraiser or reviewer shall have a conflict of interest:

1. No appraiser or a reviewer of an appraisal and no preparer of a waiver valuation or reviewer of a waiver valuation shall have any interest, direct or indirect, in the real property being valued by the acquiring agency [49 CFR 24.102(n) Conflict of interest; 23 CFR 1.33 Conflicts of interest; OAC 5501:2-5-06(B)(14)].

2. No person shall improperly influence or coerce an appraiser, review appraiser or preparer of a waiver valuation or reviewer of a waiver valuation [49 CFR 24.102(n)].

   a. The purpose of any valuation function is to provide an unbiased and adequately supported opinion of value to the acquiring agency so that informed decisions can be made and a fair offer made to the property owner. Fair compensation is jeopardized when the appraisal process becomes biased due to improper influence or coercion of an appraiser or reviewer.

   b. Steering, directing, or any other improper influences upon the value conclusions of an appraiser and/or review appraiser is not permitted.

   i. Valuations are opinions and may only be challenged for valid reasons. Failure to support a conclusion may be a valid reason for a challenge.

   ii. Compensation to an owner must be based upon fair market value. Therefore, appraisals and/or reviews that are legitimately deficient should be challenged to compliance with acceptable procedures outlined in this Manual.
3. Persons functioning as negotiators may not supervise or formally evaluate the performance of any appraiser or review appraiser performing appraisal or appraisal review work; [49 CFR 24.102(n) Conflict of interest; OAC 5501:2-5-06(B)(14)(b)].

4. No appraiser or reviewer of an appraisal or preparer of a waiver valuation or reviewer of a waiver valuation shall act as a negotiator for real property which that person has appraised if the FMVE amount is greater than $10,000.
   a. It is not a conflict of interest to have the same person both appraise (or review the appraisal) or prepare a waiver valuation (or review the waiver valuation) and negotiate an acquisition if the FMVE amount is $10,000, or less. The amount of an administrative settlement does not affect this procedure.
   b. This procedure is based on 49 CFR 24.102(n) Conflict of interest and OAC 5501:2-5-06(B)(14)(c).

4000.09 Appraisal Activity to Be Performed By Pre-qualified People

A. Regulation requires qualified people perform appraisal functions:

   By regulation, anyone performing an appraisal, appraisal review, waiver valuation or review of the waiver valuation shall be competent and qualified to perform these functions [49 CFR 24.103(d); OAC 5501:2-5-06(C)(4)]. To ensure those performing these functions are competent, ODOT pre qualifies individuals before they can perform any appraisal or appraisal related function. Additionally, because 49 CFR 24.103(d)(2) requires an Agency to utilize a State-Certified Appraiser when a detailed appraisal is prepared by a fee contractor, the Department has divided pre-qualification into two categories: Agency staff and fee consultants.

The minimum training requirements for pre-qualification for appraisal review authority for agency staff are listed on the following chart:

<table>
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<tr>
<th>Authority Type</th>
<th>All Agency Staff (including LPA Staff)</th>
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| Value Analysis Review Authority    | Must be a State-Certified Real Estate Appraiser or have attended and successfully completed the following courses:  
  1. ODOT Highway Plan Reading (or equivalent)  
  2. ODOT Appraisal 101 - Federal & State Acquisition Laws and the ODOT Real Estate Manual Sections 4100 thru 4700.  
  3. ODOT Appraisal 102 - Valuation of Simplistic Acquisitions  
  4. ODOT Appraisal 122 - The ODOT Project Data Book  
  5. ODOT Appraisal 105 - Appraisal Review - Introductory Course  
  6. ODOT Appraisal 108 - National 15-hour USPAP Course (or equivalent) |
| Value Finding Review Authority     | Must be a State-Certified Real Estate Appraiser or have attended and successfully completed the following courses:  
  All of the above reference courses for VA Review Authority plus the following courses: |
### Full Appraisal Review Authority (All formats)

| 7. Basic Appraisal Principles |
| 8. Basic Appraisal Procedures |
| 9. Real Estate Finance, Statistics, and Valuation Modeling |
| 10. General Appraiser Site Valuation and Cost Approach |
| 11. General Appraiser Sales Comparison Approach |

- Must be either a State-Certified General Real Estate Appraiser or have attended and successfully completed the following courses:
  - All of the above reference courses for VA & VF Review Authority plus the following courses:
  - 12. General Appraiser Income Approach/Part 1
  - 13. General Market Analysis and Highest & Best Use
  - 14. General Appraiser Income Approach/Part 2
  - 16. Federal, State & Municipal Fair Housing Law
  - 17. NHI- Appraisal for Federal-Aid Highway Programs
  - 18. NHI- Appraisal Review for Federal-Aid Highway Programs
  - 19. ODOT Appraisal 104 - R/W Appraisal Report
  - 20. ODOT R/W Proj.Mgmt. 101 - Introductory Overview

### Authority Expiration

- Every 24 months - renewal based on proof of qualifying CE courses taken

### Continuing Education

- 14 Hours per year w/ USPAP Update every other year

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**Note:** Continuing education requirement is intended to be the same as for State-Certified Appraisers in Ohio. Each staff member authorized to perform appraisal or appraisal review functions on behalf of the acquiring agency must satisfactorily complete fourteen classroom hours of continuing education courses within the one year period immediately following the issuance of their initial letter of appraisal or appraisal review authority and every year thereafter. Every other year the staff member must take the USPAP Update course to remain current with changes in the Uniform Standards of Professional Appraisal Practice.

### D. Pre-qualification Requirements for Consultants

A consultant shall be pre-qualified to perform appraisal and/or appraisal review and/or waiver valuation prior to being engaged to perform these services. The pre-qualified list is maintained by the ODOT Office of Consultant Services.

2. Any consultant seeking pre-qualification to perform appraisal or appraisal review must be certified or licensed prior to submitting an application for pre-qualification status [OAC 5501:2-5-06(C)(4) and 49 CFR24.103(d)].

   a. This licensure requirement does not apply for the Value Analysis Report which is performed under the waiver of appraisal provision in ORC 163.59 (C); OAC 5501:2-5-06(B)(3)(a) and 49 CFR 24.102(c).

3. Users of pre-approved fee consultants must be aware of the consultant’s certification limits as imposed in ORC 4763 and which are as follows:
   
   a. "State-licensed residential real estate appraiser": (Licensed Residential) Residential assignments only, residential is 1 to 4 units. If the assignment is non-complex, the appraiser is limited up to a value of $1,000,000. If the assignment is complex, the appraiser is limited up to a value of $250,000.

   b. "State-certified residential real estate appraiser": (Certified Residential) Residential assignments only, residential is 1 to 4 units. No limit on value.
c. "State-certified general real estate appraiser" (Certified General): No restrictions on assignments or value, but appraiser must comply with USPAP’s competency provision.

4. Minimum training requirements for pre-qualification for valuation authority for consultants are found on the Office of Consultant Services website:

http://www.dot.state.oh.us/divisions/Engineering/consultant/pages/default.aspx
UNECONOMIC REMNANTS

An uneconomic remnant may only be declared by the acquiring agency and results from a partial taking leaving a residue that has been determined by the agency to have little or no value or utility to the owner. The regulations governing uneconomic remnants are OAC 5501:2-5-01(B)(28), 5501:2-5-06(B)(11) and 49CFR 24.2(a)(27).

When it has been determined that the residue is an uneconomic remnant during the plan review stage of a project, the parcel is given the suffix “E” on the right-of-way plans. The appraiser’s responsibility is to provide a supported before and after appraisal. The “E” designation is not a concern for the appraiser and is not to appear in the appraisal report. Final determination regarding whether a parcel is “uneconomic” is made after a “before and after analysis” is performed and the review appraiser recommends a residue as being uneconomic and the District establishes FMVE, thereby, accepting the reviewer’s recommendation. More information regarding uneconomic remnants may be found is section 5300 of the Real Estate Manual.

See sections 4300 of these procedures for more detail about how the reviewer documents his recommendation of uneconomic remnant on the RE 22.

RE 95

The RE 95 is a form used by ODOT to determine ownership of improvements within the take area and to classify these improvements into real property or personal property. Improvements classified as real property are considered in the appraisal and an allocation of compensation is made for these improvements. Personal property considered in the value of the property before or after the taking must be itemized in the appraisal report. Personal property not included in the appraisal report is generally moved to a replacement site as a relocation benefit.

Improvements classified as real property, but determined to be owned by a tenant will require an estimate of salvage value. Who performs the salvage value estimate is a function of project management, but any appraiser that is assigned this task must be cognizant of requirements in USPAP for competency including SR 1; development of an opinion of value, and SR 2; reporting of an opinion of value. See Section 5311.02 of the Real Estate Manual for more guidance on salvage value. Compensation must be allocated between ownership interests and a separate offer made to the tenant owner [ORC 163.60 (B)]. Because of this legal requirement, items of real property owned by the tenant must be identified in the appraisal and an allocation of the FMVE is made to these improvements. Household belongings that are personal property are not valued. Only personal property contributing to the property value is itemized in the appraisal report [OAC 5501:2-5-06(C)(1)(b)(i)].

The procedures for the RE 95 process are in Section 5202.01 of the Real Estate Manual.

People performing the appraisal or appraisal review process may be requested to perform the RE 95 process. When this circumstance occurs, the following process applies:
This is not an appraisal function, therefore,

The RE 95 shall not be completed as a part of or during the appraisal assignment, but instead must be completed prior to the initiation of the appraisal assignment.

Prior to the appraisal assignment, the appraiser shall be provided a completed RE 95 [Real Estate Manual Section 4100.02(F)(6)].