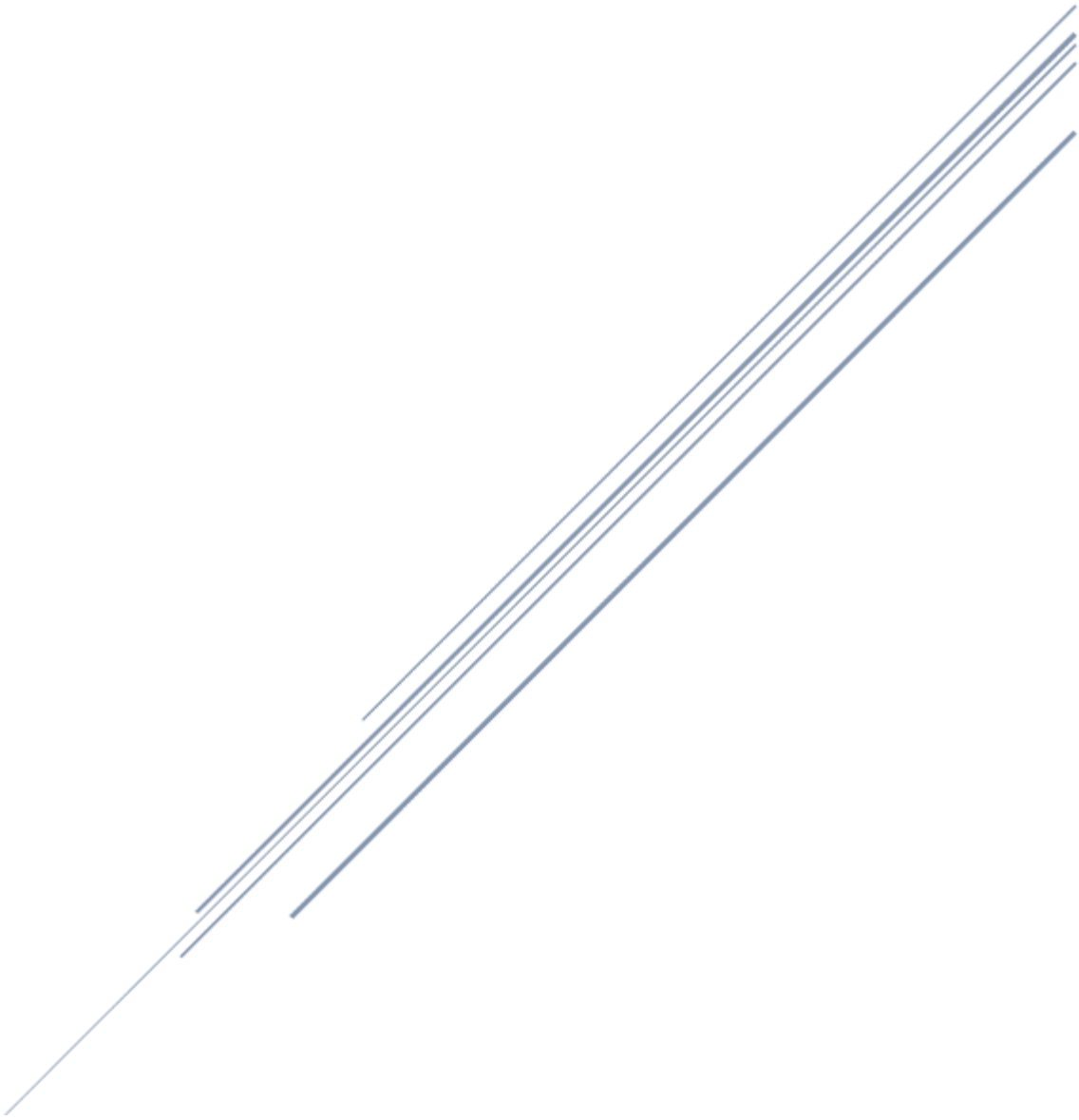
KANSAS DEPARTMENT OF TRANPORTATION

Bureau of Right of Way – Appraisal Section



June 2025 Revised

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Introduction

Appraisal means a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of the defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.

All appraisals performed for the Kansas Department of Transportation, Bureau of Right of Way are required to comply with the Uniform Standards of Professional Appraisal Practice (USPAP), the Uniform Relocation Assistance and Real Property Acquisition **Policies for** Federal and Federally Assisted Programs (Uniform Act – 49 CFR Part 24), the state Constitution, statutory and case law and state administrative law and policy.

Regulatory

The Uniform Act

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act) 42 U.S.C. 4601-4655, implemented at 49 CFR Part 24.302.

The Uniform Act applies to all programs or projects that are undertaken by Federal Agencies or with Federal financial assistance, and, which require the acquisition of real property, or which cause the displacement of any person. Specific points of the Uniform Act are:

- Real property shall be appraised before the initiation of negotiations
- An owner must be provided with the opportunity to accompany the appraiser
- The head of the agency shall establish just compensation
- The appraiser disregards decreases or increases in value due to the public improvement
- Offer(s) to purchase uneconomic remnants
- Separate damages from value of property taken
- Appraise all buildings, structures and improvements (including)
- Tenant-owned buildings, structures and improvements
- Appraise equal interest in all buildings, structures and improvements
- Separate tenant's interest in appraisal

The purpose of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, is: "To provide for uniform and equitable treatment of persons displaced from their homes, businesses and firms by Federal and federally assisted programs and to establish uniform and equitable land acquisition policies for Federal and federally assisted programs."

Shortly after the Uniform Act became law, the Uniform Appraisal Standards for Federal Land Acquisitions (yellow book) was developed by the Department of Justice to establish appraisal standards for Federal eminent domain acquisitions only.

Uniform Act regulations are written to reflect the needs for wide range appraisal standards for Federally funded eminent domain appraisals to which USPAP appraisal standards cannot be applied.

Guidance can be found at:

The Appraisal Guide (FHWA); Uniform Standards for Federal Land Acquisition; Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) Public Law 101-73, 103 Stat 183, 511 August 9, 1989.

The Uniform Standards of Professional Appraisal Practice (USPAP®**)**

Adopted in 1989, the Uniform Standards of Professional Appraisal Practice (USPAP) is generally accepted and recognized as the industry standard for ethics and performance for the appraisal profession in the United States. The Appraisal Standards Board (ASB) of The Appraisal Foundation (TAF) writes, updates, and publishes USPAP bi-annually. The current edition is the 2024 edition.

Some assignments within eminent domain appraisal work do not completely satisfy USPAP standards and must be provided to accomplish the necessary reporting requirements for the Uniform Act.

***Jurisdictional Exception Rule* -** The Current Edition of USPAP defines Jurisdictional Exception as:
"an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP".

Examples include, but are not limited to:

- The appraiser must offer the owner, or the owner's representative, an opportunity to accompany the appraiser on the inspection of the subject property.
- A five-year sales history of the subject property.
- Photographs of the property, including the area to be acquired on partial acquisitions.
- Partial acquisitions.

The appraiser is required to identify specific exceptions and cite legal authority justifying the action. Requirements issued by government agencies or other entities that establish public policy which **add to** the purpose, intent and content of the requirements in USPAP, that have a material effect on the development and reporting of assignment results in eminent domain proceedings.

Kansas Statutes Annotated 26-513

Items to be considered when estimating Just Compensation in Kansas and the definition of Fair Market Value. A copy of the current statute can be found within the Addenda section at the end of this manual.

Appraisal Overview

Appraisal Reporting

Standards Rule 2-2 found within the USPAP, states “Each written real property appraisal report must be prepared under one of the following options and prominently state which option is used: Appraisal Report or Restricted Appraisal Report.

The level of detail in the presentation of information in each type of report is an important factor. The terms “describe” “summarize” and “state” are often used to differentiate the levels of detail required in the appraisals, respectively. USPAP Standard 2 addresses reporting the results of a real property appraisal and that the appraiser must communicate each analysis, opinion and conclusion in a manner that is not misleading.

The Uniform Act addresses criteria for appraisals in 49 CFR-24.103(a). It states that the format and level of documentation for an appraisal depend on the complexity of the appraisal problem. A “Detailed Appraisal” (Appraisal Report or Restricted) shall reflect nationally recognized appraisal standards and must contain sufficient documentation to support the appraiser’s opinion of value.

The more detailed reports which reflect “damages to a remainder” or specific portion of the property, a **Standard Form (before & after)** report is used.

For those uncomplicated acquisitions that require an appraisal, KDOT has adopted a **Short Form** report which does not include damages to the remainder or need before and after valuations reported. These include a ‘total take’ situation where the agency is acquiring the entire property.

The format of each report is considered an appraisal report and should have sufficient explanation and evidence to support or fully explain each section within the report. All reports, whether short form or before and after are narrative formats.

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

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 not be less than the difference between the amount determined to be just compensation for the owner's interest in the real property and the salvage value (defined at § 24.2(a)) of the retained improvement. 24.103 (c).

UNIFORM RESIDENTIAL APPRAISAL REPORT - The Uniform Residential Appraisal Report (URAR or 1004), with supplemental documentation, on a case by case may be used for appraising residential properties when a "Total Acquisition" is involved. Additions are not limited to, but include the Summary Form, Photographs and floor plan sketch with approximate dimensions are to be included for any building to be acquired.

Waiver of Appraisal
On those occasions where the value of the acquisition area is minimal (less than $15,000), the methods of reporting include a procedure recognizing the FHWA's technical term, "waiver of appraisal." These are not appraisal reports but allows the appraiser/agent to place an informed value on the taking without the usual appraisal procedures required of a Short Form or Standard Form report.

The two current forms of reporting this are the **Estimate of Just Compensation** and **Value and Acquire** forms. This enables KDOT to acquire more properties by combining the valuation and possible acquisition duties to one individual. All reporting forms and requirements are discussed later in this manual.

Appraisal Review

USPAP Standard 3 addresses the appraisal review function. It states:
"In developing an appraisal review assignment, an appraiser acting as a reviewer must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal review. In reporting the results of an appraisal review assignment, an appraiser acting as a reviewer must communicate each analysis, opinion, and conclusion in a manner that is not misleading."

The Uniform Act addresses criteria for the review of appraisals in 49 CFR-24.104 and recognizes that appraisal review is a specialized area of appraisal practice. It states that a qualified review appraiser shall examine the presentation and analysis of market information in all appraisals to assure they meet appraisal requirements of the Uniform Act and support the appraiser's opinion of value.
In addition to complying with USPAP Standard 3, the eminent domain review appraiser's responsibilities include:

- Recommend, Accept or Not Accept ~~of~~ an estimate of just compensation, which cannot be less than the approved appraisal.
- Assuring the appraisal report was completed in accordance with State law.
- Requesting and obtaining from the appraiser any needed corrections or revisions to a deficient appraisal report.
- Assuring each appraisal report is independently acceptable and there is consistency throughout the project area.

If the review appraiser is unable to approve an appraisal as an adequate basis for the establishment of the offer of just compensation, he/she may develop an independent estimate of value if there is no other practical way to resolve an unacceptable appraisal or appraisals.

When the review appraiser establishes an independent value conclusion in lieu of approving the value conclusion of a submitted appraisal report, he/she becomes the appraiser, and no subsequent appraisal review is required.

Information Furnished to Appraiser

The appraiser will be provided with a tract/parcel file and other assistance consisting of some or all of the following:

A graphic representation of the property which is a drawing of the entire subject property in relationship

to the quarter section of land unless otherwise identified.

The legal description of the proposed acquisition, which is a listing of various property rights that will be acquired, held in easements whether temporary or permanent and access control information, if pertinent.

The Certificate of Title and Liens prepared by a KDOT personnel or local abstracter, if available.
The Right of Way plans in various formats (paper, digital, etc.) describing the acquisitions, details of the proposed acquisition from each property to be appraised, property ownership lines and existing right of way lines.

Required forms will be made available along with any other optional agency developed forms and documents.

An acquisition booklet will be provided for the appraiser to furnish the owner of the property. The publication more fully explains the procedures held by KDOT in the appraisal and acquisition of property for highway purposes.

Staking of Proposed Acquisition
Upon request from the appraiser, the Chief of the Appraisal Section or project reviewer will arrange to have the proposed acquisition areas and easement lines staked on the ground. This will be done when necessary to assist the appraiser in determining the extent of the acquisition.

Appraisal Report Content

Data Book

The appraiser may be asked to provide a sales data book which includes data gathered in the development of the appraisals and may be duplicative if placed in each report. The book shall be identified by the County and Project Number, be signed and dated.

A synopsis of population trends, market trends and discussion of the economic base of area around project. This is to help develop land value trends and Highest and Best Use analysis. Zoning information and which governmental entity controls zoning in area of project.

Discussion of land value trends and general analysis of land sales reviewed. Trends in sale prices over the time period from the earliest sale to the current time.

The book shall include Sales Data Sheets and a sales map showing a representative photo and the location of all sales researched. All sales are to be confirmed by buyer, seller or agent at a minimum.

Please report any sale that appears to be an anomaly in the market and explain if why or why not they are used in any reports.

If additional sales are developed during the course of the appraisal assignment, copies of those sales may be forwarded to the acquiring authority for inclusion in the book or listed within the single report.

A single spreadsheet listing of sales with location (S-T-R); date of sale; total land area; sale price per unit (acre or square foot) may be shown within the data book with specific sorting (date, size, etc.) can be helpful when listed in order.

Cost to cure analysis, fencing cost schedules, etc. can be provided here with contact information. The amount of Sales Tax required for any of the areas covered by the project. (All cost to cure items are to have state and local sales tax applied to both labor and material.)

Short Form Outline

INTRODUCTION

Title Page
Table of Contents
Certification of the
Appraiser Summary Form
Jurisdictional Exception
Extraordinary Assumptions and Hypothetical Conditions
Purpose of the Appraisal
Intended Use and Intended User
Date of the Appraisal, Date of the Report
Scope of the Appraisal
Contingent and Limiting Conditions
Extraordinary Assumptions
Hypothetical Conditions
Definition of Market Value
Property Rights Appraised
Competency
Inspection Data

FACTUAL DATA

Area and Neighborhood Descriptions
Description of the Site (Larger Parcel)
Description of the Improvements
Zoning
Taxes and Assessment Data
Leases

DATA ANALYSIS & CONCLUSIONS

Highest and Best Use
Approaches to Value
- Cost Approach
- Income Approach
- Sales Comparison Approach

Reconciliation of Values Developed
Project Requirements
Easements
Damages
- Costs to Cure Items

Advertising Signs
Realty/Personalty

Acquisition Analysis

Breakdown of Compensation

ADDENDUM

INTRODUCTION

TITLE PAGE

This should include: the type of appraisal report; the county, project number and tract number; name of the owner and address (if applicable) of the property being appraised; the effective date of the appraisal; and the name and address of the appraiser(s) making the report.

TABLE OF CONTENTS (10+ pages)
The major parts of the appraisal report and their subheadings should be listed. All pages should be numbered for ease of reference.

CERTIFICATION OF THE APPRAISER
Form. If additional certification points are necessary for professional organization or appraiser's associations, make a supplemental page. Signed by each appraiser contributing to report.

SUMMARY
Form.

JURISDICTIONAL EXCEPTION
The Uniform Standards of Professional Appraisal Practices provides a Jurisdictional Exception to allow the appraiser to follow guidelines established by certain agencies, such as the Kansas Department of Transportation, Bureau of Right of Way Manual, Federal Highway Administration, 49 CFR 24, Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, the "Uniform Act". However, for any inconsistencies with USPAP Standard 2, the agency bears responsibility for appraisal requirements that meet its specific needs and "USPAP Jurisdictional Exception Provision" protects the appraisers. The specific exceptions shall be stated in the report.

Project data books and appraisal reports are prepared according to appraisal guidelines established by the Kansas Department of Transportation, an agency with the power of eminent domain. The report formats used in the individual appraisals value the land and improvements in the acquisition area, as well as any damages associated with the acquisition.

The process is unique since it seeks to value a partial acquisition with potential damages to the remainder or total acquisition of the subject property. These appraisals conform to Uniform Standards of Professional Appraisal Practices (USPAP), except where the Kansas Department of Transportation, FHWA or other governmental guidelines take precedent.

PURPOSE OF THE APPRAISAL

The appraiser must state the purpose of his appraisal, e.g.:

"The purpose of this appraisal is to determine Fair Market Value due the owner for, or as a result of, the acquisition of a part or all of his/her real property, or interest therein, for a highway or related purpose."

INTENDED USE AND INTENDED USER

"the use or uses of an appraiser's reported appraisal or appraisal review, as identified by the appraiser based on communication with the client at the time of the assignment." – USPAP

The intended use of the appraisal is for eminent domain related acquisition and activities. The intended use shall be stated within the report.

"the client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser on the basis of communication with the client at the time of the assignment."- USPAP

The intended user of the report is the Kansas Department of Transportation (KDOT). Other individuals who may rely upon the report are the property owner, other departments within KDOT and any authorized court. The intended user is to be stated within the report.

DATE OF THE APPRAISAL, DATE OF REPORT

Every appraisal report should have a date of report. Most frequently, for purposes of appraisal, the date of inspection is used as the valuation date. Value is always estimated as of a given date, although it may be fixed at some prior or future time. The date of value estimate specifies market and environmental conditions under which the analysis is founded.

The Appraiser is responsible for valuing a property in its actual condition as of the stated date of valuation. If the appraisal preparation date and valuation date are substantially different, both dates should be clearly stated.

SCOPE OF THE APPRAISAL

Scope describes the appraisal problem and the extent of collection, confirming and reporting data, such as:

The appraiser has:

1. Analyzed regional, city, neighborhood, site and improvement data.
2. Inspected the subject and the neighborhood.
3. Reviewed zoning, utility easements, and municipal services data.
4. Considered comparable land sales, and improved sales. Sales used in this report were considered the most proximate and representative. Each sale was placed on a sales grid, and a detailed comparable Sales Sheet, and included in the addendum in this report; unless included in the Data Book.
5. Sales data was verified directly with buyers involved in the sale transaction. Verification with sellers, or brokers, would also be attempted if the buyer was unavailable. Sales Validation Questionnaires (SVQs) filed with the County Appraiser, were used as secondary confirmation only if no principal or primary-involved individual could be contacted. These documents are statements of terms of sale, made by a principal in the transaction, signed under threat of perjury if providing false information.
6. Analyzed the data to arrive at opinions using each approach to value, as applicable or necessary.
7. Reconciled the results of the analysis to develop an opinion of fair market value for the subject.
8. Reviewed ownership history of the subject property for the past 5 years.

CONTINGENT AND LIMITING CONDITIONS

The report should state the minimum:

"The value conclusions found in this report are made expressly subject to the conditions and stipulations following:

No responsibility is assumed by the appraiser for matters that are legal in nature, nor is any opinion on the title rendered herewith. This appraisal assumes a good title. Any liens or encumbrances, which may now exist, have been disregarded and the property has been appraised as though free and clear of indebtedness and as though no delinquency in the payment of general taxes or special assessments exist, unless noted in the report.

The design, engineering information and data have been supplied by others and is assumed to be correct. However, no attempt is made to provide a civil engineer's survey of the tract of ground, and it is assumed that no encroachments exist that would be revealed by a survey of the property.

The values for land and improvements, as contained in the report, are constituent parts of the total value reported, and neither is to be used in making a summation appraisal by a combination with the values created by another appraiser. Either is invalidated if so used.

The possession of this report, or any copy hereof, does not carry with it the right of publication. Nor may the report be used for any purpose except by the client, without the previous written consent of the appraiser and in any event, only in its entirety and with proper qualification.

All information and comments concerning the location, neighborhood trends, construction quality and costs, functional and economic obsolescence, condition, rents or any other data of the property represent the estimates and the opinions of the appraiser, formed from examination and a study of the property and available information. While the information has been derived from sources believed to be reliable, and the conclusions drawn therefrom are correct, the appraiser does not guarantee them and assumes no liability for errors in fact, analysis or judgment based upon this information."

Note: These may be supplemented with additional items found in member associations and professional memberships.

EXTRAORDINARY ASSUMPTIONS

The current Uniform Standards of Professional Appraisal Practice (USPAP) describes this as: "an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions."

(comment) "Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

<u>Examples:</u>

Appraising a property as if free from contamination when not known to be free.
Appraising irrigated land on premise of adequate water supply without evidence to contrary.
If none, so state.

HYPOTHETICAL CONDITIONS
The current Uniform Standards of Professional Appraisal Practice (USPAP) describes this as: "a condition directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis."

(comment) "Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

Examples:
The project is completed as in the plans for the development of the 'after' value.
Appraising a site as if sewer were available when it is not.
Appraising irrigated land on the premise that water supply is adequate, knowing it is not.

If none, so state within the report.

DEFINITION OF MARKET VALUE
The value to be estimated, fair market value is defined in K.S.A. 26-513(e) as:

"Fair market value" means the amount in terms of money that a well-informed buyer is justified in paying and a well-informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion. The fair market value shall be determined by use of the comparable sales, cost or capitalization of income appraisal methods or any combination of such methods."

PROPERTY RIGHTS APPRAISED
Property rights to be appraised for eminent domain purposes usually are of the following types:

Fee Simple - An absolute fee; a fee without restrictions or limitations to any particular class of heirs, but subject to the limitations of eminent domain, escheat, police power and taxation.

Leased Fee - A property held in fee with the right of use and occupancy conveyed by lease to others. An ownership, consisting of the right to receive rentals over a period of time, plus the right of ultimate repossession at termination of the lease.

Leasehold - A property held under tenure of lease. The right of use and occupancy of real property by virtue of a lease agreement; right of a lessee to use and enjoy real estate for a stated term and upon certain conditions, such as payment of rent.

Easement – A permanent or temporary interest held by one person in the land of another, whereby the first person is accorded partial use of such land for a specific purpose. An easement restricts rights of the fee owner in the use and enjoyment of those rights extended to the easement holder. Easements fall into three broad classifications: surface easements, subsurface easements and overhead or avigation easements.

List and describe the property rights to be acquired and the area of each. Include fee, or level of fee simple acquisitions, permanent easement and temporary easement tracts with intended use described.

COMPETENCY
The report should reflect the appraiser has the knowledge and experience to complete the assignment competently; and in recognition of, and compliance with, laws and regulations that apply to the appraiser or to the assignment.

K.S.A. 58-4103 (i) generally states employees of the Kansas department of transportation may perform appraisals for the acquisition or disposal of real property by the department. The employee shall not represent themselves as state certified or licensed unless they possess such certification or license.

INSPECTION DATA
A certified letter shall be sent to the owner's address provided. The letter shall announce the project, intent to contact and owner's contact information to correct or confirm. Contact information shall be presented also for the appraiser(s) and KDOT contacts. The appraiser shall make a minimum of three (3) attempts to contact owner for inspection and document within the report. Copies of the correspondence, including evidence of Certified Mail shall be placed in the addenda section of the appropriate report.

If permission to inspect is denied, the appraiser will notify the Chief of the Appraisal Section who will determine the appropriate procedure to follow in completing the assignment.

Inspection notes indicating the property owner was given the opportunity to inspect the property with the appraiser and whether they accepted and accompanied or declined. At the inspection indicate who was met with, when and where. A listing of questions the owner had or concerns with the project. Any answers to these questions and concerns should be mentioned in this area, also, even if it is to state that their concern was passed along to the Reviewer, engineering department, etc. for response to the owner.

List Owner(s) Name, Address & Phone Number(s)
List Tenant(s) Name, Address & Phone Number(s)

In the case of leased property (except residential month to month and annual farm leaseholds), the appraiser should also interview the tenant. The tenant must be offered an opportunity to accompany the appraiser on a property inspection if the tenant-owned improvements are affected by the proposed acquisition and/or when it is determined there is a leasehold interest.

Statement that "Those items set forth in K.S.A. 26-513 were considered in determining the amount of just compensation." A copy of this statute should be found within the project Data Book. If none, make sure a copy appears in the addenda to any and all reports.

FACTUAL DATA

AREA AND NEIGHBORHOOD DESCRIPTIONS
A description of the physical, amenity, and economic factors of the community and neighborhood must be included. The description should concentrate upon those factors which have an effect upon the current market value of the property or properties appraised. An analysis of how and why these factors are affecting value should be included. Extraneous material not related to the appraisal problem is not appropriate. Location Maps should be included, indicating subject location relative to streets or major roadways.

DESCRIPTION OF THE SITE
Includes description/identification of the larger parcel, if needed. This should include shape, topographical features, size, etc. as they may be considered in adjustments of the comparable sales or considered by the market.

DESCRIPTION OF THE IMPROVEMENTS
Should sufficiently describe those features which would or may be considered in the three approaches to value. Type of improvement, size, quality, condition, age, etc.

In the short form report where improvements are not affected, the general description, distance from project and consideration of any damages to improvements should be stated.

ZONING
If a data book is utilized, jurisdictional information should be provided for the different property uses within the project area. Within the report there should be an explanation of the subject restrictions, setbacks, limitations, etc. as they may be affected by the project. A note of the local official providing the information and whether the subject will be within compliance or how affected by the project should be discussed.

TAXES AND ASSESSMENT DATA
A summarization of the current local tax information, whether current, has specials assigned and if discussion is necessary regarding the 'after' condition of the remainder.

LEASES
Any leases should be analyzed to determine if leased fee and leasehold interests are compensated completely. The specific interests should be valued separately, and compensation offered to the owners of the interest and identify the owner, contact information and estimate of compensation.

DATA ANALYSIS & CONCLUSIONS

HIGHEST & BEST USE

It is recognized that, in cases where a site has existing improvements, the highest and best use, if vacant, may be different from the existing use. The existing use will continue unless and until the value of the land in the highest and best use vacant exceeds the total value of the improved property in the existing use.

In appraisal practice the concept of Highest and Best Use represents the foundation upon which value is based. No valuation may proceed without this determination, as the appraiser would not know what comparative analysis data to rely upon.

Highest and best determination should be summarized and state what the appraiser's analysis results in. If the appraisal problem and conflicting statements bring the use into question, the 4 tests of highest and best use shall be analyzed within the report.

APPROACHES TO VALUE

The three recognized approaches to value should be utilized as necessary. If no income stream, that approach is not needed. If the improvements are not new or in pristine condition, the cost approach is typically not valuable. When sufficient sales are available, the Compared Sales approach is recommended.

Cost Approach

When the property has a "special purpose" or use and is of a type seldom sold in the open market, the Cost Approach may be a support for further analysis.

When the proposed acquisition includes or affects only part of the improvements on a property. In the case of a Detailed Before and After appraisal, the Cost Approach may be the most sensitive approach to the acquisition of small elements of the improvements, or elements which might properly be accommodated using a cost to cure. When only several buildings are within the acquisition, a separate value needs to be determined for each structure in the event the owner would like to retain the improvement or for other property management decisions.

When the appraiser furnishes a cost approach, the approach must meet the following preparation and documentation standards.

Land Value - The opinion of land value is to be developed from comparable sales or other methods as outlined in the Sales Comparison Approach to Value. Land value must be estimated on the basis of what would be the tract's highest and best use if unimproved and ready for development.

Cost New Estimate - The appraiser may arrive at a cost new estimate for each improvement on the property basing computations on the updated actual cost, cost of similar new construction, computerized cost services, published cost manuals, or contractor's estimates. The source and

development of that data must be documented in a manner that allows the appraisal reviewer to confirm and analyze computations.

Accrued Depreciation – The accrued depreciation should be described and calculations reflected.

Industry methods of measuring accrued depreciation are acceptable and the final value indication by the cost approach represents the total of the market value of land plus the depreciated cost of all improvements. This must be clearly stated at the conclusion of the approach.

Income Approach

The Income Capitalization Approach is that procedure in the appraisal analysis which converts the anticipated benefits (cash flows and reversion) to be derived from the ownership of property, into a value opinion. The Income Capitalization Approach is widely applied in appraising income producing properties. The anticipated future income and/or reversions are discounted to a present worth value through a capitalization process.

The appraiser shall collect, inspect, verify, analyze, and reconcile such comparable income data as are available to indicate an appropriate estimate of the gross income of the property being appraised.

The appraiser shall collect, verify, analyze, and reconcile such data on comparable operating expenses as are available to support an estimate of all operating expenses pertinent to the property being appraised.

The appraiser shall collect, verify, analyze, and reconcile data available to support an appropriate capitalization rate or rates to be applied to the estimated net operating income.

The method, process, and technique of capitalization shall be appropriate to the type and characteristics of the property being appraised.

A final value indicated by the Income Capitalization Approach shall be reached and clearly stated at the conclusion of the approach.

Sales Comparison Approach

The Sales Comparison Approach to Value is a direct sales comparison and analysis. The Sales Comparison Approach in appraisal analysis is based on a proposition that an informed purchaser would pay no more for a property than the cost of acquiring an alternate property with a similar utility. This is the approach to value normally relied upon in eminent domain appraisal valuations. In the case of a Before and After valuation, and if the Cost Approach has not been developed, a Land Value as vacant, for its highest and best use, developed using the Direct Sales Comparison Approach is to be included.

The appraiser shall discover, collect, verify, analyze, and reconcile comparable sales information available to produce a value conclusion. The sales used in the direct comparison of the subject should also be inspected.

The appraiser needs to present available market information and discuss the comparative adjustments, using quantitative and/or qualitative techniques, between that information and the subject property to arrive at a final indication of market value. Quantitative techniques include paired data analysis, statistical analysis, graphic analysis, trend analysis, cost related analysis and secondary analysis.

Qualitative techniques include relative comparison analysis, ranking analysis, and personal interviews stating sources.

In any case, the appraiser must clearly and accurately present these analyses, opinions, and conclusions in sufficient depth and detail to convince a reader of the report that they are appropriate and reasonable.

Reconciliation of Values Developed
The appraiser must reconcile the value indications previously reached from the approaches to value to arrive at a final opinion of value. Appraisers are to reconcile facts, trends, and observations developed in their analyses and review the conclusions, validity and reliability of those conclusions. Relative significance, applicability, and defensibility of each indication of value is weighed and analyzed, placing greatest reliance on those which are most authoritative in indicating the value of the property or rights under appraisement.

PROJECT REQUIREMENTS
A description of the results of the project to the subject should be provided here. The acquisition, changes of access, entrances, cost to cure items, possible damages, etc.

Advertising Signs
The current KDOT policy is to identify all signs, whether on-premise or off-premise (billboards) and describe them within the report. The efforts of the appraiser are to request lease information, get all sign data including size, owner, address, contact information, etc., determine a replacement cost new less depreciation (RCNLD) and costs to move. A realty/personalty form shall be completed and placed in the addenda of the report. More can be found within the Outdoor Advertising section of the addenda section found at the end of this manual.

Realty/Personalty
All personalty found within the project area or improvements will be noted upon the Realty/Personalty form with owner contact information and placed within the addenda portion of the report.

Addendum

Certification of the Appraiser

Form, provided by KDOT. May be supplemented to professional or association satisfaction.

Sales Data Sheet

Sales Data Sheets are required as part of all appraisal report formats. They must include: the sale number; grantor and grantee; type of instrument and date; date of transaction if significantly different from instrument date; book and page of record (if not recorded so state); sale price confirmed by a party to the transaction; name of confirming individual; and conditions of sale and financing. Also: a simplified legal description; description of land and improvements; neighborhood or location factors; zoning; date of inspection; location; street address or directions; photographs of improvements and any special features; rental and expense information; cash equivalency calculations; and any other pertinent information or calculations. Samples can be found later in this manual.

Maps

Map representations should be provided to reflect the subject location, the neighborhood and the locations of the comparable sales used. Neighborhood and subject may be shown within the report. The reader should be able to find the subject and comparable sales.

Photographs

Color photographs should be included in the Original file and all copies. Identified photographs of the subject property including principal above ground improvements, or unusual features, affecting the value of property to be acquired or damaged. Photographs of improvements and land within a partial acquisition area are required.

Photographs of an acquired residence should include exterior shots from opposite corners to ensure all sides of the structure are shown. Interior photographs should include the kitchen(s), bathroom(s), heating, ventilation and air-conditioning (HVAC) system, electrical system and any other feature that would be addressed in the “Elements of Comparison” portion of the appraisal report.

Cost to Cure written estimates, bids

Efforts to cure damages by the costs to replace, etc. shall be discussed within the report. These costs shall not exceed the cost of the damage if not cured. All costs should be supported by a written estimate (including costs of materials, labor and sales tax) and found in the addenda section of the report. Other sources may be used upon approval by KDOT.

Correspondence with owners

Include ALL correspondence with property owners. If acquisition booklets are sent to the property owners – must be in certified letter. Include return receipt in appraisal report.

All other **supportive material** including sketches, sales/subject location maps, written leases, if available, etc. Sketches with dimensions of each improvement to be acquired must be included in the appraisal report. The sketch does not have to be drawn to scale but should be approximate.

Legal Description of Proposed Acquisition
As provided by KDOT

Plat or graphic exhibit, if available
As provided by KDOT

Certificate of Title
As provided by KDOT and placed in the agent (copy) file only.

Standard Form Outline (Before & After)

INTRODUCTION
Title Page
Table of Contents
Certification of the Appraiser
Summary Form
Jurisdictional Exception
Extraordinary Assumptions and Hypothetical Conditions
Purpose of the Appraisal
Intended Use and Intended User
Date of the Appraisal, Date of the Report
Scope of the Appraisal
Contingent and Limiting Conditions
Extraordinary Assumptions
Hypothetical Conditions
Definition of Market Value
Property Rights Appraised
Competency
Inspection Data

FACTUAL DATA (before)
Area and Neighborhood Descriptions
Description of the Site (Larger Parcel)
Description of the Improvements
Zoning
Taxes and Assessment Data
Leases

DATA ANALYSIS & CONCLUSIONS (before)
Highest and Best Use
Approaches to Value
- Cost Approach
- Income Approach
- Sales Comparison Approach

Reconciliation and Final Value

FACTUAL DATA (after)
Project Requirements

DATA ANALYSIS & CONCLUSIONS (after)
Highest and Best Use
Valuation of the Subject (After)
- Cost Approach
- Income Approach
- Sales Comparison Approach

Reconciliation of Values Developed
Easements
Damages
- Costs to Cure Items
- Proximity
- Etc.

Advertising Signs
Realty/Personalty
Acquisition Analysis
Breakdown of Compensation

ADDENDUM

INTRODUCTION

TITLE PAGE

This should include: the type of appraisal report; the county, project number and tract number; name of the owner and address (if applicable) of the property being appraised; the effective date of the appraisal; and the name and address of the appraiser(s) making the report.

TABLE OF CONTENTS (10+ pages)
The major parts of the appraisal report and their subheadings should be listed. All pages should be numbered for ease of reference.

CERTIFICATION OF THE APPRAISER
Form. If additional certification points are necessary for professional organization or appraiser's associations, make supplemental page. Signed by each appraiser contributing to report.

SUMMARY
Form.

JURISDICTIONAL EXCEPTION
The Uniform Standards of Professional Appraisal Practices provides a Jurisdictional Exception to allow the appraiser to follow guidelines established by certain agencies, such as the Kansas Department of Transportation, Bureau of Right of Way Manual, Federal Highway Administration, CFR 24, Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, the "Uniform Act". However, for any inconsistencies with USPAP Standard 2, the agency bears responsibility for appraisal requirements that meet its specific needs and "USPAP Jurisdictional Exception Provision" protects the appraisers. The specific exceptions shall be stated in the report.

Project data books and appraisal reports are prepared according to appraisal guidelines established by the Kansas Department of Transportation, an agency with the power of eminent domain. The report formats used in the individual appraisals value the land and improvements in the acquisition area, as well as any damages associated with the acquisition.

The process is unique since it seeks to value a partial acquisition with potential damages to the remainder or total acquisition of the subject property. These appraisals conform to Uniform Standards of Professional Appraisal Practices (USPAP), except where the Kansas Department of Transportation, FHWA or other governmental guidelines take precedent.

PURPOSE OF THE APPRAISAL
The appraiser must state the purpose of his appraisal, e.g.:

"The purpose of this appraisal is to estimate the just compensation due the owner for, or as a result of, the acquisition of a part or all of his/her real property, or interest therein, for a highway or related purpose."

INTENDED USE AND INTENDED USER

"the use or uses of an appraiser's reported appraisal or appraisal review, as identified by the appraiser based on communication with the client at the time of the assignment." – USPAP

The intended use of the appraisal is for eminent domain related acquisition and activities. The intended use shall be stated within the report.

"the client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser on the basis of communication with the client at the time of the assignment."- USPAP

The intended user of the report is the Kansas Department of Transportation (KDOT). Other individuals who may rely upon the report are the property owner, other departments within KDOT and any authorized court. The intended user is to be stated within the report.

DATE OF THE APPRAISAL, DATE OF REPORT

Most frequently, for purposes of appraisal, the date of inspection is used as the valuation date. Value is always estimated as of a given date, although it may be fixed at some prior or future time. The date of value estimate specifies market and environmental conditions under which the analysis is founded.

The Appraiser is responsible for valuing a property in its actual condition as of the stated date of valuation. If the appraisal preparation date and valuation date are substantially different, both dates should be clearly stated.

SCOPE OF THE APPRAISAL

Scope describes the appraisal problem and the extent of collection, confirming and reporting data, such as:

The appraiser has:

1. Analyzed regional, city, neighborhood, site and improvement data.
2. Inspected the subject and the neighborhood.
3. Reviewed zoning, utility easements, and municipal services data.
4. Considered comparable land sales, and improved sales. Sales used in this report were considered the most proximate and representative. Each sale was placed on a sales grid, and a detailed comparable Sales Sheet, and included in the addendum in this report, unless included in the Data Book.
5. Sales data was verified directly with buyers involved in the sale transaction. Verification with sellers, or brokers, would also be attempted if the buyer was unavailable. Sales Validation Questionnaires (SVQs) filed with the County Appraiser, were used as secondary confirmation only if no principal or primary involved individual could be contacted. These documents are statements of terms of sale, made by a principal in the transaction, signed under threat of perjury if providing false information.
6. Analyzed the data to arrive at opinions using each approach to value, as applicable or necessary.

7. Reconciled the results of the analysis to develop an opinion of fair market value for the subject.
8. Reviewed ownership history of the subject property for the past 5 years.

CONTINGENT AND LIMITING CONDITIONS
The report should state the minimum:
"The value conclusions found in this report are made expressly subject to the conditions and stipulations following:

No responsibility is assumed by the appraiser for matters that are legal in nature, nor is any opinion on the title rendered herewith. This appraisal assumes a good title. Any liens or encumbrances, which may now exist, have been disregarded and the property has been appraised as though free and clear of indebtedness and as though no delinquency in the payment of general taxes or special assessments exist, unless noted in the report.

The design, engineering information and data have been supplied by others and is assumed to be correct. However, no attempt is made to provide a civil engineer's survey of the tract of ground, and it is assumed that no encroachments exist that would be revealed by a survey of the property.

The values for land and improvements, as contained in the report, are constituent parts of the total value reported, and neither is to be used in making a summation appraisal by a combination with the values created by another appraiser. Either is invalidated if so used.

The possession of this report, or any copy hereof, does not carry with it the right of publication. Nor may the report be used for any purpose except by the client, without the previous written consent of the appraiser and in any event, only in its entirety and with proper qualification.

All information and comments concerning the location, neighborhood trends, construction quality and costs, functional and economic obsolescence, condition, rents or any other data of the property represent the estimates and the opinions of the appraiser, formed from examination and a study of the property and available information. While the information has been derived from sources believed to be reliable, and the conclusions drawn therefrom are correct, the appraiser does not guarantee them and assumes no liability for errors in fact, analysis or judgment based upon thisinformation.

Note: These may be supplemented with additional items found in member associations and professional memberships.

EXTRAORDINARY ASSUMPTIONS
The current Uniform Standards of Professional Appraisal Practice (USPAP) describes this as: "an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions."

(*comment*) "Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

Examples:
Appraising a property as if free from contamination when not known to be free.
Appraising irrigated land on premise of adequate water supply without evidence to contrary.
If none, so state.

HYPOTHETICAL CONDITIONS
The current Uniform Standards of Professional Appraisal Practice (USPAP) describes this as: "a condition directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis."

(*comment*) "Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

Examples:
The project is completed as in the plans for the development of the 'after' value.
Appraising a site as if sewer were available when it is not.
Appraising irrigated land on the premise that water supply is adequate, knowing it is not.

If none, so state within the report.

DEFINITION OF MARKET VALUE
The value to be estimated, fair market value is defined in K.S.A. 26-513(e) as:

"Fair market value" means the amount in terms of money that a well-informed buyer is justified in paying and a well-informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion. The fair market value shall be determined by use of the comparable sales, cost or capitalization of income appraisal methods or any combination of such methods."

PROPERTY RIGHTS APPRAISED
Property rights to be appraised for eminent domain purposes usually are of the following types:

Fee Simple - An absolute fee; a fee without restrictions or limitations to any particular class of heirs, but subject to the limitations of eminent domain, escheat, police power and taxation.

Leased Fee - A property held in fee with the right of use and occupancy conveyed by lease to others. An ownership, consisting of the right to receive rentals over a period of time, plus the right of ultimate repossession at termination of the lease.

Leasehold - A property held under tenure of lease. The right of use and occupancy of real property by virtue of a lease agreement; right of a lessee to use and enjoy real estate for a stated term and upon certain conditions, such as payment of rent.

Easement – A permanent or temporary interest held by one person in the land of another, whereby the first person is accorded partial use of such land for a specific purpose. An easement restricts rights of the fee owner in the use and enjoyment of those rights extended to the easement holder.

List and describe the property rights to be acquired and the area of each. Include fee, or level of fee simple acquisitions, permanent easement and temporary easement tracts with intended use described.

COMPETENCY
The report should reflect the appraiser has the knowledge and experience to complete the assignment competently; and in recognition of, and compliance with, laws and regulations that apply to the appraiser or to the assignment.

K.S.A. 58-4103 (i) generally states employees of the Kansas department of transportation may perform appraisals for the acquisition or disposal of real property by the department. The employee shall not represent themselves as state certified or licensed unless they possess such certification or license.

INSPECTION DATA
A certified letter shall be sent to the owner's address provided. The letter shall announce the project, intent to contact and owner's contact information to correct or confirm. Contact information shall be presented also for the appraiser(s) and KDOT contacts. The appraiser shall make a minimum of three (3) attempts to contact owner for inspection and document within the report. Copies of the correspondence, including evidence of Certified Mail shall be placed in the addenda section of the appropriate report.

If permission to inspect is denied, the appraiser will notify the Chief of the Appraisal Section who will determine the appropriate procedure to follow in completing the assignment.

Inspection notes indicate that the property owner was given the opportunity to inspect the property with the appraiser and whether they accepted and accompanied or declined. At the inspection indicate who was met with, when and where. A listing of questions the owner had or concerns with the project. Any answers to these questions and concerns should be mentioned in this area, also, even if it is to state that their concern was passed along to the Reviewer, engineering department, etc. for response to the owner.

List Owner(s) Name, Address & Phone Number(s)
List Tenant(s) Name, Address & Phone Number(s)

In the case of leased property (except residential month to month and annual farm leaseholds), the appraiser should also interview the tenant. The tenant must be offered an opportunity to accompany the appraiser on a property inspection if the tenant-owned improvements are affected by the proposed acquisition and/or when it is determined there is a leasehold interest.

Statement that "Those items set forth in K.S.A. 26-513 were considered in determining the amount of just compensation." A copy of this statute should be found within the project Data Book. If none, make sure a copy appears in the addenda to any and all reports.

FACTUAL DATA

AREA AND NEIGHBORHOOD DESCRIPTIONS
A description of the physical, amenity, and economic factors of the community and neighborhood must be included. The description should concentrate upon those factors which have an effect upon the current market value of the property or properties appraised. An analysis of how and why these factors are affecting value should be included. Extraneous material not related to the appraisal problem is not appropriate. Location Maps should be included, indicating subject location relative to streets or major roadways.

DESCRIPTION OF THE SITE
Includes description/identification of the larger parcel, if needed. This should include shape, topographical features, size, etc. as they may be considered in adjustments of the comparable sales or considered by the market.

DESCRIPTION OF THE IMPROVEMENTS
Should sufficiently describe those features which would or may be considered in the three approaches to value. Types of improvement, size, quality, condition, age, etc.

In the short form report where improvements are not affected, the general description, distance from project and consideration of any damages to improvements should be stated.

ZONING
If a data book is utilized, the jurisdictional information should be provided for the different property uses within the project area. Within the report should be an explanation of the subject restrictions, setbacks, limitations, etc. as they may be affected by the project. A note of the local official providing the information and whether the subject will be within compliance or how affected by the project should be discussed.

TAXES AND ASSESSMENT DATA
A summarization of the current local tax information, whether current, has specials assigned and if discussion is necessary regarding the 'after' condition of the remainder.

LEASES
Any leases should be analyzed to determine if leased fee and leasehold interests are compensated completely. The specific interests should be valued separately, and compensation offered to the owners of the interest and identify the owner, contact information and estimate of compensation.

DATA ANALYSIS & CONCLUSIONS (Before)

HIGHEST & BEST USE

It is recognized that, in cases where a site has existing improvements, the highest and best use, if vacant, may be different from the existing use. The existing use will continue unless and until the value of the land in the highest and best use vacant exceeds the total value of the improved property in the existing use.

In appraisal practice the concept of Highest and Best Use represents the foundation upon which value is based. No valuation may proceed without this determination, as the appraiser would not know what comparative analysis data to rely upon.

Highest and best determination should be summarized and state what the appraiser's analysis results in. If the appraisal problem and conflicting statements bring the use into question, the 4 tests of highest and best use shall be analyzed within the report.

APPROACHES TO VALUE

The three recognized approaches to value should be utilized as necessary. If no income stream, that approach is not needed. If the improvements are not new or in pristine condition, the cost approach is typically not valuable. When sufficient sales are available, the Compared Sales approach is recommended.

Cost Approach

When the property has a "special purpose" or use and is of a type seldom sold in the open market, the Cost Approach may be a support for further analysis.

When the proposed acquisition includes or affects only part of the improvements on a property. In the case of a Detailed Before and After appraisal, the Cost Approach may be the most sensitive approach to the acquisition of small elements of the improvements, or elements which might properly be accommodated using a cost to cure. When only several buildings are within the acquisition, a separate value needs to be determined for each structure in the event the owner would like to retain the improvement or for other property management decisions.

When the appraiser furnishes a cost approach, the approach must meet the following preparation and documentation standards.

Land Value - The opinion of land value is to be developed from comparable sales or other methods as outlined in the Sales Comparison Approach to Value. Land value must be estimated on the basis of what would be the tract's highest and best use if unimproved and ready for development.

Cost New Estimate - The appraiser may arrive at a cost new estimate for each improvement on the property basing computations on the updated actual cost, cost of similar new construction, computerized cost services, published cost manuals, or contractor's estimates. The source and

development of that data must be documented in a manner that allows the appraisal reviewer to confirm and analyze computations.

Accrued Depreciation – The accrued depreciation should be described and calculations reflected.

Industry methods of measuring accrued depreciation are acceptable and the final value indication by the cost approach represents the total of the market value of land plus the depreciated cost of all improvements. This must be clearly stated at the conclusion of the approach.

Income Approach

The Income Capitalization Approach is that procedure in the appraisal analysis which converts the anticipated benefits (cash flows and reversion) to be derived from the ownership of property, into a value opinion. The Income Capitalization Approach is widely applied in appraising income producing properties. The anticipated future income and/or reversions are discounted to a present worth value through a capitalization process.

The appraiser shall collect, inspect, verify, analyze, and reconcile such comparable income data as are available to indicate an appropriate estimate of the gross income of the property being appraised.

The appraiser shall collect, verify, analyze, and reconcile such data on comparable operating expenses as are available to support an estimate of all operating expenses pertinent to the property being appraised.

The appraiser shall collect, verify, analyze, and reconcile data available to support an appropriate capitalization rate or rates to be applied to the estimated net operating income.

The method, process, and technique of capitalization shall be appropriate to the type and characteristics of the property being appraised.

A final value indicated by the Income Capitalization Approach shall be reached and clearly stated at the conclusion of the approach.

Sales Comparison Approach

The Sales Comparison Approach to Value is a direct sales comparison and analysis. The Sales Comparison Approach in appraisal analysis is based on a proposition that an informed purchaser would pay no more for a property than the cost of acquiring an alternate property with a similar utility. This is the approach to value normally relied upon in eminent domain appraisal valuations. In the case of a Before and After valuation, and if the Cost Approach has not been developed, a Land Value as vacant, for its highest and best use, developed using the Direct Sales Comparison Approach is to be included.

The appraiser shall discover, collect, verify, analyze, and reconcile comparable sales information available to produce a value conclusion. The sales used in the direct comparison of the subject should also be inspected.

The appraiser needs to present available market information and discuss the comparative adjustments, using quantitative and/or qualitative techniques, between that information and the subject property to arrive at a final indication of market value. Quantitative techniques include paired data analysis, statistical analysis, graphic analysis, trend analysis, cost related analysis and secondary analysis. Qualitative techniques include relative comparison analysis, ranking analysis, and personal interviews stating sources.

In any case, the appraiser must clearly and accurately present these analyses, opinions, and conclusions in sufficient depth and detail to convince a reader of the report that they are appropriate and reasonable.

Reconciliation of Values Developed

The appraiser must reconcile the value indications previously reached from the approaches to value to arrive at a final opinion of value. Appraisers are to reconcile facts, trends, and observations developed in their analyses and review the conclusions, validity and reliability of those conclusions. Relative significance, applicability, and defensibility of each indication of value is weighed and analyzed, placing greatest reliance on those which are most authoritative in indicating the value of the property or rights under appraisement.

FACTUAL DATA (after)

PROJECT REQUIREMENTS
A description of the results of the project to the subject should be provided here. The acquisition, changes of access, entrances, cost to cure items, possible damages, etc.

DATA ANALYSIS & CONCLUSIONS (after)

DESCRIPTION OF SUBJECT SITE
As in the before, includes description/identification of the larger parcel, if needed. This should include shape, topographical features, size, etc. as they may be considered in adjustments of the comparable sales or considered by the market.

HIGHEST & BEST USE OF SUBJECT SITE AS VACANT
It is recognized that, in cases where a site has existing improvements, the highest and best use, if vacant, may be different from the existing use. The existing use will continue unless and until the value of the land in the highest and best use vacant exceeds the total value of the improved property in the existing use.

In appraisal practice the concept of Highest and Best Use represents the foundation upon which value is based. No valuation may proceed without this determination, as the appraiser would not know what comparative analysis data to rely upon.

VALUATION OF THE SUBJECT
The three recognized approaches to value should be utilized as necessary. If no income stream, that approach is not needed. If the improvements are not new or in pristine condition, the cost approach is typically not valuable. When sufficient sales are available, the Compared Sales approach is recommended.

VALUATION OF SUBJECT SITE AS VACANT
Using the Compared Sales analysis with possible new comparable sales depending on effects of the acquisition.

DESCRIPTION OF SUBJECT IMPROVEMENTS
Should sufficiently describe those features which would or may be considered in the three approaches to value. Type of improvement, size, quality, condition, age, etc. as in the remainder.

Where improvements are not affected, the general description, distance from project and consideration of any damages to improvements should be stated.

RECONCILIATION & FINAL ESTIMATE OF VALUE

The appraiser must reconcile the value indications previously reached from the approaches to value to arrive at a final opinion of value. Appraisers are to reconcile facts, trends, and observations developed in their analyses and review the conclusions, validity and reliability of those conclusions. Relative significance, applicability, and defensibility of each indication of value is weighed and analyzed, placing greatest reliance on those which are most authoritative in indicating the value of the property or rights under appraisement.

PROJECT REQUIREMENTS

A description of the results of the project to the subject should be provided here. The acquisition, changes of access, entrances, cost to cure items, possible damages, etc.

Costs to Cure

Efforts to cure damages by the costs to replace, etc. shall be discussed within the report. These costs shall not exceed the cost of the damage if not cured. All costs should be supported by a written estimate (including costs of materials, labor and sales tax) and found in the addenda section of the report. Other sources may be used upon approval by KDOT.

Proximity

Discussion of analysis and methodology to determine the effects to the improvements and which improvements have damage.

Advertising Signs

Current KDOT policy is to identify all signs, whether on-premise or off-premise (billboards) and describe them within the report. The efforts of the appraiser are to request lease information, get all sign data including size, owner, address, contact information, etc., determine a replacement cost new less depreciation (RCNLD) and costs to move. A realty/personalty form shall be completed and placed in the addenda of the report. More can be found within the Outdoor Advertising section of the addenda section found at the end of this manual.

Realty/Personalty

All personalty found within the project area or improvements will be noted upon the Realty/Personalty form with owner contact information and placed within the addenda portion of the report.

Acquisition Analysis

A summary in table format of the ‘Before’ value, the effects of the project and the ‘after’ values as developed throughout the report.

Breakdown of Compensation

An itemized listing of the tract-by-tract calculations, easement valuations and cost to cure items.

Addendum

Forms

Certification of the Appraiser

Sales Data Sheet
Sales Data Sheets are required as part of all appraisal report formats. They must include: the sale number; grantor and grantee; type of instrument and date; date of transaction if significantly different from instrument date; book and page of record (if not recorded so state); sale price confirmed by a party to the transaction; name of confirming individual; and conditions of sale and financing. Also: a simplified legal description; description of land and improvements; neighborhood or location factors; zoning; date of inspection; location; street address or directions; photographs of improvements and any special features; rental and expense information; cash equivalency calculations; and any other pertinent information or calculations. Samples can be found later in this manual.

Maps
Map representations should be provided to reflect the subject location, the neighborhood and the locations of the comparable sales used. Neighborhood and subject may be shown within the report. The reader should be able to find the subject and comparable sales.

Photographs
Color photographs should be included in the Original file and all copies. Identified photographs of the subject property including principal above ground improvements, or unusual features, affecting the value of property to be acquired or damaged. Photographs of improvements and land within a partial acquisition area are required.

Photographs of an acquired residence should include exterior shots from opposite corners to ensure all sides of the structure are shown. Interior photographs should include the kitchen(s), bathroom(s), heating, ventilation and air-conditioning (HVAC) system, electrical system and any other feature that would be addressed in the “Elements of Comparison” portion of the appraisal report.

Identified photographs of the subject property including principal above ground improvements, or unusual features, affecting the value of property to be acquired or damaged. Photographs of improvements and land within a partial acquisition area are required.

Cost to Cure written estimates, bids
Efforts to cure damages by the costs to replace, etc. shall be discussed within the report. These costs shall not exceed the cost of the damage if not cured. All costs should be supported by a written estimate (including costs of materials, labor and sales tax) and found in the addenda section of the report. Other sources may be used upon approval by KDOT.

Correspondence with owners
Include ALL correspondence with property owners. If acquisition booklets are sent to the property owners – must be in certified letter. Include return receipt in appraisal report.

All other **supportive material** including sketches, sales/subject location maps, written leases, if available, etc. Sketches with dimensions of each improvement to be acquired must be included in the appraisal report. The sketch does not have to be drawn to scale but should be approximate.

Legal Description of Proposed Acquisition
As provided by KDOT

Plat or graphic exhibit, if available
As provided by KDOT

Certificate of Title
As provided by KDOT and placed in the agent (copy) file only.

Appraisal Review

A review appraiser is an individual with the Agency delegated administrative responsibility to ascertain final determinations, to accept appraisals, to approve appraisal estimates of just compensation and, if an Agency review appraiser, to establish an amount to be offered by the Agency as "Just Compensation".

FUNCTION AND PURPOSE OF REVIEW

To protect the interests of the public - A qualified review appraiser should examine all appraisals to estimate the amount to be offered by the Agency as just compensation, to assure that they are fair, reasonable and meet applicable appraisal requirements.

To protect the interests of the property owner - The review appraiser must also assure the appraisal is fair and reasonable as it relates to the effect of the proposed acquisition on the remaining property. This includes review for the existence of uneconomic remnants.

To provide consistency of values - In projects involving multiple properties and/or ownerships, the review appraiser is to maintain a logical consistency from property to property in the amounts paid for land, improvements and damages. Of special concern are projects using more than one appraiser and the differences resulting from the independent analysis of neighboring properties.

To maintain a high-quality appraisal product. Prior to the acceptance of an appraisal, the review appraiser shall request the appraiser to make all necessary corrections and revisions. The review appraiser may provide technical advice and instruction, or other training, in order to improve the appraiser's technique and ability.

REVIEW APPRAISER'S DUTIES

REPORT REVIEW AND ACCEPTANCE
The review appraiser independently performs a review of all appraisals and other reports submitted to determine the soundness of the appraiser's opinion of fair market value, adequacy of the appraiser's supporting data and documentation, the logic of appraiser's analysis, whether the appraisal report conforms to the provisions of this manual, if adequate consideration was given to all compensable items of damage, and, to verify the exclusion of items non-compensable under law.

The appraisal review function consists of an all-inclusive evaluation of appraisals. Factually presented data and calculations may be spot checked for accuracy (sometimes by a subordinate technician). Appraisal reports are to be evaluated in all respects with validity and reasonableness of the estimate of just compensation being a principal focal point. Subject properties should be inspected by the review appraiser along with the comparable sales and other data presented in the appraisal report when possible.

If additional documentation, correction, or revision to an appraisal report is required, the review appraiser may return the appraisal report and require the appraiser to make the appropriate changes before resubmitting for continued review. When returning the appraisal report, the appraiser must be

made clearly aware of the issues found by the review appraiser and clarifications, corrections or additions requested. This may be done either by electronic mail, letter or verbally with a memo to file. If there is insufficient time to allow the appraiser to make changes or when the review appraiser and appraiser are not in agreement, the review appraiser shall provide the corrections or additions necessary, as part of the written review.

The review appraiser shall reject, accept or approve appraisals submitted and shall approve an estimate of just compensation for the property under appraisal. The approved value may be the same or different from that of the appraisal report. When a value different from that of the appraisal is approved, the review appraiser's report shall document the new estimate of value. The review appraiser may accept all, or parts of one or more of the submitted appraisal reports, or reject the same depending upon his/her independent findings and conclusions.

The review appraiser may accept or reject the appraisal reports in total. When the reviewer establishes an independent value conclusion in lieu of approving the value conclusion of a submitted appraisal report, he/she becomes the appraiser under the visage of USPAP, but no subsequent review is required. The review appraiser will discuss the appraisal deficiencies with the appraiser prior to establishing an independent value estimate.

ALLOCATION OF JUST COMPENSATION

The review appraiser is to allocate an estimate of just compensation, concluded in an appraisal, into the categories on Summary Form. The allocation is to be based upon either the appraiser's conclusions and opinions stated in the report, or the review appraiser's interpretation of the market data.

WRITTEN REVIEW

The review appraiser shall prepare a written (original and copy file) appraisal review for each parcel where an acquisition appraisal has been prepared. A KDOT Review Form shall be used when available. All information requested in that form shall be furnished or be indicated as not applicable. The form shall be signed by the review appraiser, dated and include the signed Certification of the reviewer.

The review appraiser's report shall identify the appraisal reports reviewed, document the findings and conclusions reached during the review process and identify each appraisal report as rejected, accepted (meets all requirements, but not selected as approved) or approved as the basis for the amount believed to be just compensation.

When one of two or more appraisal estimates or a value different from that of any appraisal report is approved, the review appraiser's report shall explain the estimate of just compensation.

SUGGESTED APPRAISAL REVIEW PROCEDURE

- Ensure the inclusion of required forms, addenda and exhibits.
- Ensure the calculations and mathematical procedures are correct.
- Physically examine the subject and all primary comparable sales cited, when possible.
- Analyze the data and conclusions for adequacy, logic and procedure.
- Determine if the appraisal adequately addresses issues.
- Compare the documentation and report requirements with those in the appraisal.

- Determine if the manual requirements and contract instructions have been fulfilled.
- Determine if there are uneconomic remnants.
- Determine if any non-compensable items have been included in the report.
- Reach an independent opinion of the probable range of market value and just compensation, confirming or refuting the value(s) in appraisal.
- Seek clarifications or corrections. (Return all copies of appraisal.)
- Reexamine the corrected appraisal.
- Examine specialty reports. Check for sufficient identification for each item noted.
- Determine if a monetary duplication between the appraisal and specialty reports exists.
- Write the appraisal review confirming the amount to be offered as just compensation.
- Complete the required Appraisal Review Forms. When approving one of two or more appraisal reports, give specific reasoning for selection.
- Transmit completed files to the Acquisition Section for further action.
- Retain copies of review notes, reports, letters and critiques for Reviewer's work file.
- Retain digital copies of any item or document considered of crucial importance in the event of future reference need.

Waiver of Appraisal

The methods of reporting include a technique called Estimate of Just Compensation. The FHWA's technical term is a "waiver of appraisal." This allows the appraiser/evaluator to place an informed value on the taking without the usual appraisal procedures required of a Short Form or Standard Form report. It also allows the evaluator the ability to make an offer to the landowner. Because the normal appraisal workload does not allow a staff appraiser sufficient time to devote to the entire process of acquiring the right of way, certain appraisal section staff members are trained to perform this unique responsibility. This enables KDOT to acquire more properties by combining the valuation and acquisition duties to one individual.

While any one KDOT R/W staff member could perform this task, it is most effective being contained within the appraisal section. Only projects having 10 tracts or less are candidates. If the Chief of the Appraisal Section, Review Appraiser, Bureau Chief or Operations Assistant finds that the project is too heavily laden with difficulties causing appraisal reports, then that project will be submitted for appraisal procedures only and the reports sent to the Acquisition Section for acquisition.

POLICY

Appraisal practice of The Kansas Department of Transportation in accordance with the CFR 24.102 and Kansas Statute Annotated 58-4103 allows non-licensed personnel to perform appraisal activity.

An exception to a formal appraisal report requirement on simple properties

An exception permitting the same person to both value and acquire a property

A limit on the value and acquire process of $15,000 not including any cost to cure items.

PURPOSE

Within these guidelines, the following procedures enable the valuation and acquisition of properties by a single agent to expedite the time frame of projects selected. All Appraisal Manual and Acquisition Manual requirements applicable to tracts selected for the Value and Acquire process will apply except as specified here.

The objective is to:

- Streamline the acquisition process,
- Eliminate unnecessary or burdensome procedures,
- Allow flexibility to the agent,
- And ultimately buy more right of way projects expending fewer personnel hours, without sacrificing the right of property owners to fair and just compensation.

SELECTION PROCESS
Simple projects shall be selected, which, as determined by the Bureau, fall under the $15,000 per tract maximum amount and have no tracts with damages to the remaining lands. The Chief of the Appraisal Section and the Review Appraiser in consultation with others as necessary shall make this selection.

Items of consideration for tract selection by desk review and/or field inspection are:

- $15,000 maximum just compensation estimate,
- Avoidance of tracts with new, or offset alignment,
- Urban areas,
- Difficult counties, etc. *(meaning past Bureau experience with frequent condemnation)*,
- Size of a project, *(desirable, 10 tracts or less)*
- Determination of maximum number of manageable tracts, *(A reasonable guideline is to select projects where the clear majority are Value/Acquire tracts. I.E. 3 of 5, 4 of 7, 5 of 8, 6 of 9, and 7 of 10.)*
- Avoidance of problem tracts,
- Avoidance of tracts with damages to the remainder,
- Cost to Cure items vs. damages,
- Avoidance of complicated cost to cure issues.

Every effort shall be made to select appropriate projects. However, when a project has been selected and started in the value and acquire process, should a difficult tract or tract with damages be discovered, the Chief of the Appraisal Section or Review Appraiser will revise the work assignment to require the Agent to appraise or provide alternate personnel to appraise. Another agent or the Acquisition Section will complete the acquisition and/or condemnation of the project.

Valuation Process

Assigned Agent – An Agent shall be assigned by the Chief of the Appraisal Section or the Reviewer via a letter of assignment to both value and acquire a project or specific tracts on a project.

Documentation – Research shall be conducted to determine a fair and reasonable value to offer a property owner. The research should come from courthouse records, real estate agents, and other knowledgeable persons and sources. Data gathered by other appraisers or for other projects may be used, if current and applicable. Preparation of a Data Book is not required on most projects using this process.

When projects are small, properties are similar and project requirements are minimal, it is most desirable that a minimum of three comparable sales be collected. While it is recognized that this valuation process does not have specific FHWA requirements for data collection or report format, KDOT does require a specific form called the **Value and Acquire** or **Estimate of Just Compensation**.

Determination of Value – A value shall be established for the tract acquisition and the proper valuation form shall be completed. Additional file information is not required unless the tract is not purchased by the Agent and must proceed through condemnation.
Valuation Form – Two forms are established for purposes of recording just compensation. Both are included in this procedure guide.

- Estimate of Just Compensation (EJC): This form can be used in instances where value is sought as a waiver of appraisal. It is primarily used when the appraiser is not the acquiring agent.

- Value and Acquire (V/A): This form can only be used when the evaluator is also the acquiring agent.

Value Assigned – It is the Bureau of Right of Way policy that the unit value assigned is drawn from comparable sales taken from the immediate area. In the event sales are scarce or unavailable, contact with local persons familiar with the local real estate market may be contacted for opinions. These processes will ensure a reliable just compensation value to offer the property owner. Proper notes regarding the sales used shall be made part of the agents work file in the event that negotiations fail. This will assist the condemnation procedure with a substantial valuation base in which to use as condemnation value.

MINIMUM VALUES - In typical appraisal compensation, FHWA allows a maximum of $500 to be established as "minimum" payment per tract. This is to compensate the landowner for inconvenience. It is the policy of KDOT R/W to allow the minimum compensation for land acquisition. All other items of compensation that are normally classified to be cost to cure items are an additional compensation value.

When it is obvious that the compensation for a tract would fall below an established minimum even using the highest conceivable per acre value, comparable sales information will not be required. A statement example such as *"The minimum compensation established for this project is $500 which computes to be $6,000 per acre. This amount exceeds any conceivable developed unit value for the project area, no additional data is required and is acceptable in lieu of comparable sale information."*

However, if the tract cannot be purchased, comparable sales will be required for purposes of condemnation proceedings with copies placed in the agent's work file for reference.

OBTAIN OFFICE APPROVAL - Approval of the value to be offered for each tract shall be obtained from the Bureau, specifically the Review Appraiser, Chief of the Appraisal Section, the Operations Assistant or their designees. Approval may be requested over the telephone, with signature provided at a later date but dated per date of verbal approval.

Acquisition Process

The following process should be followed:

1. Carefully review Certificate of Title and courthouse records from the date of certificate forward for any changes in ownership, new liens, mortgages, or other encumbrances. Verify property taxes have been paid to current date. Mortgage releases will be waived as provided under acquisition procedures.

2. Offer owner the opportunity to inspect property, if feasible and present the written offer at approved amount unless found to be inadequate. Note: This is an FHWA requirement and must be followed.

3. Adjust offer for omissions/new information obtained at inspection.

4. Negotiate agreement. Agent has option of Administrative Settlement up to the amount of $5,000 without further approval.

5. Secure title to right of way in the exact name of current owner with proper signatures.

6. Obtain signatures on acquisition documents, in person if possible, or by mail if appropriate.

7. Follow-up negotiations by telephone or in person as deemed advisable, weekly.

8. All documents required for acquisition of property shall be completed as appropriate to each tract; abbreviated negotiation notes will be required to detail problems discussed and changes or special considerations agreed to.

9. Explain increases of compensation in excess of approved value on Administrative Settlement form.

10. Documents will be submitted through the approved chain of processing in the Bureau.

11. The Agent as needed will make corrections.

PROCEDURE SEQUENCE

1. Plans are received where a desk review is made to determine if the project is a V/A candidate.

2. After the V/A determination is made, staff assignments are given.

3. For those project tracts that will require an appraisal report, staff will be assigned.

4. Tract file folders are assembled as is required in typical appraisal assignments.

5. From initial desk review of plans, a decision is made as to whether R/W staking is required.

6. A preliminary staffing schedule is devised to determine field start date and reasonable expectation of completion date.

7. The assigned agent will prepare all forms with preliminary dialogue regarding tract data to include property owner names, addresses, telephone numbers and area of take.

8. The property owner will be contacted to inform them of the pending project and to give an introductory preview of what the project requirements are and what to expect from KDOT regarding process and timelines. An appointment will be made to inspect the tract and make an offer of just compensation.

9. Upon field start date, the agent will make a preliminary field inspection observing visual conditions of the subject tracts. Notes will be taken identifying elements located within the

taking. These may include analysis of highest and best use of the property, current use of the property, cost to cure improvements affected by the take such as fencing and landscaping, etc. Such notes may be recorded on the plans but will be officially noted in the work file. This process should not exceed more than one day per project.

10. The assigned agent will collect the appropriate data such as land values and cost to cure estimates. This process should not exceed more than one day per project. These findings will be recorded in the working file or in the data book if one is deemed necessary.

11. The tract file report is written and the final estimate of just compensation approved by Review Appraiser, the Chief of the Appraisal Section or the Operations Assistant. This can be done by telephone for signature at a later date.

12. The agent meets with the property owner for a tract inspection. If, during the property inspection, items of compensation are found that were not included in the original report, those items may be included in an administrative settlement during the offer of Just Compensation.

13. If the property owner accepts the offer to purchase, the evaluator will follow those steps outlined in the Acquisition Section of this writing.

14. If negotiations are deemed necessary, the steps outlined in the Acquisition Section of this writing will be followed. It is important to give the property owner dates for final decisions and follow-up by the evaluator is expected to take place on those dates. This is to include notification of condemnation.

ESTIMATED TIME-LINE SEQUENCE OF PROCEDURE (*based on 10 tract project)*

Day *	Event
0	Plans Received and Desk Reviewed
0	Assignments Made
0	R/W Staking Decisions and/or Arrangements
0	File Folders Assembled
	Plat Drawing
	Legal Description
	Telephone Numbers
	Addresses
	File Labels
0	Owner Contacts Made (Letter, Telephone)
1	Field Inspection
1-2	Preliminary Drive-by Site Inspection – Field Notes
2-5	Data Collection
2-6	Data Book Written (if necessary)
3-12	Reports Written and Purchase Documents prepared.
4-18	Offers Made (owner has a 30 day consideration period)
	Agent can contact for any questions, concerns.
Follow-up Requirements:	
5-20	Purchase documents executed, check, and submitted for payment.

CONDEMNATION

Three weeks prior to submission of documents for condemnation, a close-out meeting will be held to discuss final acquisition attempts with Right of Way administration and Legal staff.

The Value and Acquire personnel in accordance with approved condemnation procedures as stated in the Acquisition Manual would submit any properties, which cannot be purchased, to the legal department.

The Agent will add additional information to the file to assist the legal staff with the condemnation process, such as photos, written documentation of comparable sales data and any additional information known. If possible, a before and after value will be established for the tract.

CONTRACTING FOR VALUE AND ACQUIRE SERVICES

The method and process for soliciting and hiring contract personnel to perform combination value and acquire services shall follow the procedures outlined in the Bureau Contract Procedures. A list of approved qualified professionals will be maintained by the KDOT Chief of the Appraisal Section. Qualifications include related appraisal and acquisition experience, and abilities as reviewed and approved by the Chief of the Appraisal Section, however appraisal certification is not required. Although research requires knowledge of appraisal techniques, reports do not qualify as appraisals but are

prepared in accordance with KDOT and FHWA standards.

REQUIRED FORMS
Forms required for this process:

- Estimate Of Just Compensation
- Value And Acquire

Definitions, Guidelines, and Discussions (alphabetical)

ACCESS - Access to an established roadway is considered a property right. Every property has the right of access to a public road system. However, the right of access associated with a property abutting a public roadway does not include the privilege of unrestricted entry at each and every point along the frontage. Through exercise of police power, state and local governments are authorized to control access. Abutting owners are not entitled to compensation if their property retains or is provided with reasonable access compatible with highest and best use.

APPRAISAL - An appraisal is a written statement, independently and impartially prepared, setting forth an opinion of defined value, of an adequately described property, as of a specific date, supported by the presentation and analysis of relevant market information.

COMPARABLE SALE - Market data is essential to each of the three value approaches. The appraiser's opinion of value is to be based on objective rather than subjective analysis. In order to accomplish this, the appraiser must use comparable sales. In order for a sale to be considered a valid comparable to the property under appraisement, it should meet three criteria:

1. The comparable sale must be competitive. That is, it should be a reasonable substitute for the subject. The comparable must be similar enough in size, shape and features.

2. The comparable sale must qualify as an open market transaction. This requirement eliminates sales that are not "arm's length" sales. There should be no unusual circumstances about any particular sale that could distort its price.

3. The comparable sale should have a sale date relatively close to the date of value.

The appraiser must also consider general market price trends. The sale prices of all properties are generally affected by inflation or deflation and by other local influences more than national trends. The more current a sale, the less chance there is for some influence affecting a sale's comparability.

Every property is unique in some way. Because of this, the appraiser may have difficulty in finding recent sales of completely comparable properties. While the appraiser should make every attempt to collect sales that are as similar as possible in time, location and major characteristics, there sometimes may not be enough market to do so. It then becomes necessary to widen standards of comparability to obtain an adequate number of sales. The appraiser should never use sales that do not meet the criteria for an open market transaction.

SUBJECT AS SALE - If the subject property has sold during the last five years, the appraiser must consider the sale in the Sales Comparison Approach or explain the reason for omission.

CONTACT INFORMATION – Owner, Lessor and Lessee names, mailing address and other pertinent contact information will be listed on the report Summary or a page attached thereto. In the case of multiple owners, all names and addresses, if available, should be reported in the appraisal. When theappraiser is unable to secure an owner or tenant's name or address, he/she should report that information to the Chief of the Appraisal Section and be documented in the appraisal report.

CONTRIBUTORY VALUE - Contributory value of an improvement, fixture, tract of land or portion thereof is an amount by which the total value of a property is changed either due to its presence or absence.

COST TO CURE - When appraising a partial acquisition where features are within the acquisition area, the cost of that action is less than damages would otherwise be, the appraiser is to consider the "cost to cure", or actual cost to solve the situation, in the report. The total of cost to cure and damages, as cured, must not exceed the total damages as if not cured. Costs to cure should be supported by written contractor's estimates, attached to the appraisal report.

CRP (government programs) - The appraiser shall determine the acreage to be acquired, the contract rate and remaining time on contract via visit with landowner and oversight agency. The simple calculation shall be assigned as the estimated compensation.

DONATIONS - When the property owner intends to donate the property necessary, the appraiser should note as such in a Memorandum to the tract file and no appraisal is required.

However, owners must also be fully informed that they are entitled to an appraisal of the property along with an offer of just compensation. It is not unusual for an owner to insist upon receiving an appraisal, even though the property is ultimately to be donated, for accounting and tax reasons.

If an owner wishes to donate land, the Agency's obligation to appraise and offer just compensation for the acquisition of property must be waived, in writing via an Acquisition form.

EASEMENTS – Specified areas may be necessary for temporary use or construction use.
Temporary Easements may be necessary to reconnect driveways, build a shoo-fly detour, etc. and the owners shall be compensated for the time of use. The calculation is the area of the easement multiplied by the developed unit value, times a simple return as found in the local market and further multiplied by the time of use. The time of use is dependent on the intended use of the easement area. A simple driveway rebuild would not take as much time as a shoo-fly detour. The shoo-fly would also need to consider evidence of compaction/residue and longer timeframe to develop sufficient ground cover. KDOT administration will provide further guidance in project and case by case basis.

Permanent Easements are intended for more permanent use. This is an acquisition of area necessary to build water control features and others. The compensation is considered by calculating the easement area times the developed unit value (dollars per acre or square feet) and is considered the estimated compensation.

FENCING – Fencing items are often found within the acquisition and easement areas.

Total Acquisitions – Fencing items noted in property in a total acquisition is included in the appraised value. There is no separate compensation for these fencing items.

Partial Acquisitions – In those properties where functional fencing is noted, a cost to cure shall be developed. The bid shall contain 'like kind' fencing. For those projects that no contractor is available, a fencing buildup spreadsheet has been developed by KDOT staff to provide costs for materials, labor and sales tax of agricultural fencing.

Access Control Fencing - The agency will construct a line of fence to delineate the control of access areas. Such fence will be maintained for access control purposes only and serves no function to contain livestock or other purposes. In new acquisition areas, if functional fencing is affected, the owner shall be compensated for replacement as a cost to cure.

Temporary Fence – Temporary fencing is typically found in shoo-fly or other temporary features and will be constructed (paid for) within the construction contract, not right of way. Other instances may occur and the appraiser should confirm with Chief of the Appraisal Section for necessary action.

HAZARDOUS SUBSTANCES/CONTAMINATION - This is defined as contaminants of buildings and/or land which are recognized as potentially hazardous to public health or safety. These materials may include but are not limited to: asbestos, petroleum, farm and industrial chemicals, urea formaldehyde foam insulation (UFFI), etc. The appraiser is to note any suspected presence and immediately notify the Chief of the Appraisal Section.

The appraiser should be especially aware of the implications of ground stains, lack of vegetation, underground storage tank filler caps and vents, improper storage or disposal of chemical bottles, cans and drums.

LARGER PARCEL - The owner of each eminent domain parcel is entitled to a separate award. Public authorities that exercise the powers of eminent domain are bound by constitution and statutes to offer to pay just compensation. Landowners are entitled to be paid for not only the land or property rights acquired, but also for damages caused to the remaining property. The purpose of the damage to remaining property element of just compensation is to make the property owner whole by compensating for the injury to the entire property.

The larger leasehold and/or operating unit parcel shall incorporate all contiguous real estate, or real estate in reasonable proximity thereto, that is under the same ownership, or leasehold and operated as an assembled economic unit. Two tracts separated by a highway, but devoted to one actual and permanent use, are considered as one parcel for eminent domain purposes.
The appraiser must consider how the parcel is being used in order to determine the entire or remaining parcel. If the property being acquired is being used along with other property as an assembled economic unit, it is effectively owned and operated by the same person or entity so that they have a special value because of their unified use. They collectively constitute the larger parent, or before parcel.

MARKET VALUE – The "fair market value" as defined in KSA 26-513e states is used.

MINIMUM PAYMENT - In typical appraisal compensation, FHWA allows a maximum of $500 to be established as “minimum” payment per tract. This is to compensate the landowner for inconvenience.

NUMBER AND SUBMISSION OF APPRAISAL REPORTS - An original and copy (agent file) of each appraisal report shall be prepared and submitted to the Review Appraiser or Chief of the Appraisal Section. The appraiser is advised to retain a copy as a part of their work files.

OUTDOOR ADVERTISING DEVICES (See Outdoor Advertising policy in Addenda) - The appraiser shall identify all advertising devices located within the proposed acquisition area. During the inspection process, the ownership of these advertising devices will be determined. A copy of the lease or lease terms will be secured when applicable.

REVISIONS (DESIGN AND TITLE) - When minor changes in the right of way or construction design are desired, parcel division is required, or a change in ownership is to be reported, the appraiser shall consult Change design memo in addenda for proper procedure.

SEPTIC SYSTEM – See underground/out of sight later.

TANKS - See Underground/out of sight later**.**

TENANT OWNED IMPROVEMENTS - When appraising any interest in real property, the appraiser shall appraise at least an equal interest in all buildings, structures, or other improvements located upon the real property to be acquired, which is to be removed, or which is determined will be adversely affected by the highway or transportation project. This shall include any improvement of a tenant-owner who has the right or obligation to remove the improvement at expiration of the lease term. The estimated compensation shall be reflected individually within the report and Summary with ownership information.

TRACT DELETION - When a parcel is deleted due to design change, donation or other, all files are to be returned to the Chief of the Appraisal Section for disposal, negotiated contract and subsequent invoices adjusted accordingly.

UNECONOMIC REMNANT - A tract is considered to be an uneconomic remnant if it is not economically feasible to continue the use of this tract by itself, or as a part of a larger separated remainder, because of its size, shape, access, change of use, or other detrimental characteristics resulting from the acquisition. The action is triggered by the owners’ statement that the parcel is no longer of any use and after appropriate discussion and approval will be included in the appraisal report.

UNDERGROUND/OUT OF SIGHT – All privately-owned water lines, tanks, septic system components, utility lines shall be considered as an element of damage and compensation may be based upon a "cost to cure" to relocate. Privately owned underground lines located in temporary easement areas shall be compensated for based on a cost-to-cure, if they are damaged except of the case of a ‘total take’. The appraiser shall identify location of item on plans provided and notify Chief of the Appraisal Section, Reviewer or administration of location.

TREES – A number of trees are typically found within project areas. The residential trees which are part of the landscaping and “nature’s” trees found in the agricultural communities. Many such trees add or

contribute value to the subject property and should be compensated accordingly. Another tree found includes an interest for the production or crop. Pecan trees, logging candidates, etc. fall into this category.

Residential/Landscaping trees can typically be considered a cost to cure item. The cost of a replacement tree (or other landscaping or type of site improvement) of the same or nearly equal size and growth, installed on remainder property, as determined from a nursery, is generally a reasonable measure of a tree's value in place.

Natures trees found in project areas should be considered for their contribution of value. The comparable sales utilized will be the best indicator of this contribution. Any indication of value difference attributed to trees amongst the comparable sales is the best value indication and should be described within the report.

Those trees whose contribution may exceed the identified value of nature's trees should be compensated for accordingly. Some of these are pecan trees, walnut trees, etc. and can be valued via a certified or licensed individual offering a written estimate of the contribution or value. These should also be well described within the report.

The value of trees and/or landscaping will ultimately be supported primarily by the appraiser's experience, sound judgment, and reason.

<u>WATER WELLS</u> – See underground/out of sight.

Addenda

Form– SUMMARY .....Exhibit

Form– Certification of Appraiser .....Exhibit

Form– Comparable Sale Data (Land).....Exhibit

Form– Comparable Sale Data (Improved).....Exhibit

Form– Review Report.....Exhibit

Form – Estimate of Just Compensation.....Exhibit

Form – Value & Acquire Report .....Exhibit

Form – Realty/Personalty Inventory.....Exhibit

Outdoor Advertising

K.S.A. 26-513

Forms

SUMMARY

Partial Take: ☐
Whole Take: ☐
Other: ☐ **County:**

Federal Project No:
State Project No:
Tract Number:

Owner Name and Address: **Phone:**
Tenant Name and Address: **Phone:**

Location and Address:
Legal Description:

Present Use: **Highest & Best Use:**
Zoning:

Subject Property Sales Record ***(last 5 yrs. required).*** **If none, check** ☐

Grantor/Grantee	Date	Book/Page	Price	Verified By

Purpose of the Appraisal: *The purpose of the appraisal is to estimate the compensation due the owner for, or as a result of, the acquisition of a part or all of his/her real property, or interest therein, for a highway or related purpose.*

VALUATION SUMMARY

Area of Whole Property:

Acquisition Needs	Unit Price	Value

Other Acquisition Items *(List and show value)*:

Area of Remainder:

Cost to Cure *(List and show value)*:

Other:

TOTAL COMPENSATION ____

Date of Appraisal:

_____ Date

_____ Signature

CERTIFICATION OF APPRAISER

County: _____ **Tract No: _____**

Federal Aid Project Number: _____
Project No: _____

I HEREBY CERTIFY:

- **That I have personally inspected the property herein appraised and that I have also made a personal field inspection of the comparable sales relied upon in making said appraisal. The subject and the comparable sales relied upon in making said appraisal were as represented in said appraisal or in the data book which supplements said appraisal.**

- **That to the best of my knowledge and belief the statements contained in the appraisal herein set forth are true, and the information upon which the opinions expressed therein are based as correct; subject to the limiting conditions therein set forth and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.**

- **No one provided significant professional assistance to the person signing this report unless so named within the report.**

- **That I understand that such appraisal is to be used in connection with the acquisition of right-of-way for a project to be constructed by the State of Kansas with the possible assistance of Federal-aid highway funds, or other Federal funds.**

- **That such appraisal 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 noncompensable under the established law of said State.**

- **That neither my employment nor my compensation for making this appraisal and report are in any way contingent upon the values reported herein.**

- **That I have no direct or indirect present or contemplated future personal interest in such property or in any way benefit from the acquisition of such property appraised.**

- **That I have not revealed the findings of such appraisal to any one other than the proper officials of the Kansas Department of Transportation or officials of the Federal Highway Administration and I will not do so until so authorized by State officials, or until I am required to do so by due process of law, and until I am released from this obligation by having publicly testified as to such findings.**

- **Any increase or decrease 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 reasonable control of the owner, was disregarded in determining the compensation for the property.**

- **I have no (or the specified) present or prospective interest in the property that is the subject of this report and no personal interest (or the specified) with respect to the parties involved.**

- **I have performed no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.**

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

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

- **My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.**

- **My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice.***

- **I have (or have not) made a personal inspection of the property that is the subject of this report. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)**

- **No one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated.)**

The owner or his designated representative was on _____, 20_____, given the opportunity to accompany the appraiser during the inspection of the property. Property inspected with _____ on _____.

That my opinion of just compensation for the acquisition as of the _____ day of _____20_____, is _____ based upon my independent appraisal and the exercise of my professional judgment.

_____ **_____**

Date **, Appraiser**

COMPARABLE SALE DATA (LAND)

VACANT SALE No.

Aerial
Date: _____

Ground level
Date: _____

Sale Data

Date of Sale: _____ *Sale Price:*
Type of Instrument: _____ *Bk:* _____ *Pg:* _____ *Interest Purchased:* _____
Grantor: _____ *Grantee:* _____
Leased at time of sale: ___ *Terms of Lease:* _____ *Marketing:* _____
Highest & Best Use: _____ *Unpaid Special Taxes:*
___
Financing: _____ *Conditions of Sale:* _____ *Mineral Rights:* ____
Verified By: _____

Site Data

Legal/Property Desc: _____ Sec: ___ Twp: ___ Rng: ___

Unit Area: _____ ____ Land *Unit Value:* $0

Use at Sale: _____ *Zoning:* _____

Access: _____ *Flood Hazard:* ___

Description of Property: _____

County Parcel ID Number (PIN): _____

Nbhd Influences and Trends: _____

Sales Analysis/ Remarks: _____

Comparable Sale Data (Improved)

IMPROVED SALE No. ____

Photo description & Date _____

Sale Data

Date of Sale: _____ *Sale Price:* _____
Type of Instrument: *Book/Page:* _____
Grantor: _____ *Grantee:* _____
Leased at time of sale: *Terms of Lease:* _____
Marketing: *Highest & Best Use:* _____
Financing: *Conditions of Sale:* *Mineral Rights:*
Sales Analysis/ Remarks: _____ *Verified By:* _____

Site Data

Location: _____
Desc: _____Sec: __ Twp: __ Rng: __ *Unit Area:* _____ Land
Use at Sale: _____ *Zoning:* _____
Access: _____ *Flood Hazard:*
Unpaid Special Taxes: *Nbhd Influences and Trends:* _____
Description of Land: _____

Improvements Data

Gross Building Area: _____ *Land to GrossBuildingArea Ratio:* 0.00 to 1
Net Rentable Area: _____ *Year Built/Rehabbed:* _____
Stories: __ *Number of Buildings:* __
Construction Type: _____
Quality: _____ *Condition:* _____
Roof: _____
Parking Description: _____ *Parking Surface:* _____

Description of Improvement: _____

Date of Inspection: _____

Review Report

APPRAISAL REVIEW

COUNTY: **PROJECT NO:** **TRACT NO:**

CLIENT/INTENDED USER(s): The Client in this assignment is the Kansas Department of Transportation, Bureau of Right of Way. The intended users are the Kansas Department of Transportation (KDOT), it's designees, assignees and no others.

INTENDED USE: **INTEREST APPRAISED:**

PURPOSE: *The purpose of this review assignment is to verify if the results of the work under review are credible, compliant with relevant Uniform Standards of Professional Appraisal Practice (USPAP) requirements, reporting guidelines of the Uniform Standards for Federal Land Acquisitions and Kansas Department of Transportation Appraisal Requirements and Regulations.*

THE WORK UNDER REVIEW:
OWNER:

THE APPRAISAL OF: (physical, legal and economic characteristics of market area/property under review)

Appraiser(s)	Employed by	Date of Appraisal	Date of Appraisal Report	AMOUNT

Reviewer(s) ___	Employed by	Date of Review	Date of Review Report	AMOUNT

☐ **The appraisal report is recommended and approved.**
☐ **The appraisal report is accepted as written with the noted review adjustments.**
☐ **The appraisal report is not accepted as written. Review adjustments follow.**

Summarize all extraordinary assumptions, hypothetical conditions and how their use may affect the results:
(continues to Addenda page)

Summarize the scope of work to develop this review:
(continues to Addenda page)

ANALYSIS OF TAKING & DAMAGES

DAMAGES & COST TO CURE:

TOTAL COMPENSATION **$0**

I, the reviewing appraiser, state that I have not visually inspected the parcel to be acquired and the comparable sales applicable thereto and have reviewed all of the appraisal(s) and determined that the estimated value for the subject is as noted here. This determination has been made with the understanding that this parcel is to be used in connection with a Federal Aid project and has been reached independently based on appraisals and other factual data of record, without collaboration or direction

1

To comply with requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), I have read and reviewed the contents of the referenced appraisal report(s), have formed an opinion and developed reasoning for any disagreement as to the:

1. **Adequacy and relevance of the data and the propriety of any adjustments to the data;**
2. **Appropriateness of the appraisal methods and techniques used;**
3. **Correctness and appropriateness of the analysis, opinions, and/or conclusions in the report being reviewed.**

Deficiencies, disagreements, and/or discussion is set forth in the following and/or attached addenda documents:

(example) **This is the review of a report to acquire a tract of land (a) 1.19 acres, temporary easement (b) 1.48 acres, an estimate of damages for change of use from irrigated, temporary loss of value and cost to cure items.**

The highest and best use tests are described and the final analysis is supported. The subject is valued as agricultural within this report.

The appraiser has developed the unit value via the Compared Sales (Market) Approach to value with sufficient data and description for the analysis. Information considered in this developed value includes sizes and use, if irrigated or not. The developed unit value of $7000 per acre is applied to the acquisition and easement areas. The acquisition is simply multiplied by the unit. The methodology for the easement area is the unit value times the easement area times 10% times the expected length or duration. In this instance, the easement is for a shoo-fly and the duration is extended to 7 years to consider the compaction, etc. until the ground will be restored to full production.

Eleven (11) acres has been identified as 'damaged', or reduced in use from irrigated to a dryland use and the difference in developed unit value is applied to the affected area. The difference, as shown in the report is $1000 per acre and this is applied to the affected area.

Cost to cure items are included in the report and has an estimate provided by local a contractor to modify the pivot system. The estimates can be found in the addenda pages of the report.

Additionally, the contractor identified one (1) acre which will be lost in use for a year. The appraiser has valued this in the same format of a typical temporary easement. The reviewer has extended the period of use in the calculation to 3 years to fully recognize the length of the project. The calculation is: 1 acre X $7000 X 10% X 3 years = $2100.

Reader notes:
misspelling, etc. can be found throughout the report and addenda pages, is noted by the reveiwer and does not make the report mis-leading or incorrect.

_____ _____

Date of Review Report **(Name of Reviewer)**
Reviewing Appraiser

2

REVIEW APPRAISER'S CERTIFICATION

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

- the statements of fact contained in this report are true and correct.
- 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 (or the specified) present or prospective interest in the property that is the subject of the work under review and no (or the specified) personal interest with respect to the parties involved.
- I have performed no (or the specified) other services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.
- 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*.
- I have (or have not) made a personal inspection of the subject of the work under review. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the subject of the work under review.) (For reviews of a business or intangible asset appraisal assignment, the inspection portion of the certification is not applicable.)
- no one provided significant appraisal, appraisal review, or appraisal consulting assistance to the person signing this certification. (If there are exceptions, the name of each individual(s) providing appraisal, appraisal review, or appraisal consulting assistance must be stated.)
- The analysis, opinions, and conclusions presented are based on the data contained in the appraisal report prepared for KDOT Project ___ and the data is presumed to be accurate. I am not responsible for errors in the data or for undisclosed conditions of the property or the marketplace, which would only be apparent from a personal inspection and research.

_____

(Type name, sign above)
Reviewing Appraiser

3

ADDENDA:

Summarize all extraordinary assumptions, hypothetical conditions and how their use may affect the results:
(continued, if necessary)

Summarize the scope of work to develop this review:
(continued, if necessary)

4

ESTIMATE OF JUST COMPENSATION

It is determined that an appraisal is not required because the valuation problem is uncomplicated, and the fair market value of the acquisition area is estimated at $15,000 or less.

COUNTY: **PROJECT NO:** **TR NO:**
OWNER: **TENANT:**
ADDRESS: **ADDRESS:**
CITY/ST: **CITY/ST:**
PHONE: **PHONE:**

Insp Date: **Insp'd With:**
Date Acq'n Booklet Furnished:

COMPARABLE SALES

Sale No.	Sale Date	Location (S-T-R)	Sale Price	Area	Unit Value

NOTES:

PROJECT REQUIREMENTS:

Item	Area	Unit Value	Value

OTHER ACQUISITION ITEMS:

COST TO CURE ITEMS:

ESTIMATED TOTAL COMPENSATION

Agent Date Headquarters Approval Date

ESTIMATE OF JUST COMPENSATION

PROJECT NO: **TR NO:**

INSPECTION DATA:

The tract inspection and subsequent compensation estimates took into consideration the items listed in K.S.A. 26-513.

PROJECT REQUIREMENTS: (PHOTOS)

HIGHEST AND BEST USE (BEFORE AND AFTER):

ESTIMATED JUST COMPENSATION:

VALUE AND ACQUIRE

It is determined that an appraisal is not required because the valuation problem is uncomplicated and the estimate of just compensation of the acquistion area is estimated at $15,000 or less.

COUNTY:
OWNER:
ADDRESS:
CITY/ST:
PHONE:

PROJECT NO:
TENANT:
ADDRESS:
CITY/ST:
PHONE:

TR NO:

Insp Date: **Insp'd: With**

Date Acq'n Booklet Furnished:

NOTES: *(Use additional page if necessary)*

PROJECT REQUIREMENTS:

ITEM	AREA	UNIT VALUE	VALUE

OTHER ACQUISITION ITEMS:

COST TO CURE ITEMS:

ESTIMATED TOTAL COMPENSATION.....$0

_____ _____ _____ _____
, Evaluators Signature Date Headquarters Approval Date

KANSAS DEPARTMENT OF TRANSPORTATION
Bureau of Right of Way

KDOT R/W Form V/A

REALTY/PERSONALTY INVENTORY

Project: _____
County: _____
Tract:
Landowner: _ Lessee:
_____

For purposes of appraisal, property acquisition and relocation, KDOT requires a listing of realty and personal items involved with a tract. Below are listed components of real estate and personalty connected with Tract on Project . Please designate which items belong to the landowner and which items belong to the lessee. List project station numbers with the Personalty Description and check the box if located in proposed right of way. If there are items discussed in the lease and not listed below please add them (on a separate sheet if necessary) designating the owner. Add Photos of the items described and list the station numbers with each photo.

Items of Realty	**Owner**	Located in Proposed ROW
		☐
		☐
		☐
		☐
		☐
		☐

Items of Personalty – (Identify Station Number)	**Owner**	Located in Proposed ROW
		☐
		☐
		☐
		☐
		☐
		☐
		☐
		☐
		☐
		☐

Outdoor Advertising

Kansas Department of Transportation
Bureau of Right of Way
2015 Sign Policy- Effective 2/1/2025

Policy Statement: For purposes of acquiring property under eminent domain laws, regulations and procedures, the Kansas Department of Transportation (KDOT), Bureau of Right of Way (BoRW), will typically identify off-premise outdoor advertising signs, billboards and devices as personal property. Distinctions when determining signs as personal property may be necessary in some cases such as when signs remain with the property at the termination of the lease.

Part 1 - DEFINITIONS

Compliant Signs: These signs may not be licensed by KDOT's Beautification Section (Outdoor Advertising) but may be eligible for relocation assistance benefits. These include certain directional signs, freedom of speech signs, municipal signs, non-profit organization and church signs, as well as some other signs.

Leased Fee: The lessor's (land owner/landlord) interest in the property.

Leasehold Interest: The interest or estate which the lessee (sign owner/tenant) has in the value of the lease.

Leasehold Value: The value of the leasehold interest. Usually applied to a long-term lease when market rental for a similar space is higher than the rent being paid under the lease.

Licensed Signs: These are off-premise signs that are licensed by KDOT's Beautification Section (Outdoor Advertising) and usually have a green license plate attached to the sign. There are several classifications of licensed signs including legal conforming (they meet all the current regulations), legal nonconforming (may not meet all the current regulations), rural business, directional and official (may not have a green license plate attached).

Off-Premise Signs: A sign that is advertising products or services that are available at locations other than the sign location. (Typically considered personal property.)

On-Premise Signs: A sign that is advertising the business or activity conducted on the property where the sign is located. (Typically considered part of the real property improvements.)

Sign or "outdoor advertising device": Any outdoor sign structure, display, light, device, notice, bulletin, figure, painting, drawing, message, placard, poster, billboard, vehicle or other thing which is designed, intended or used to advertise or inform.

Small Business: A business having not more than 500 employees working at the site being acquired or displaced by a program or project, which site is the location of economic activity. Sites occupied solely by outdoor advertising signs, displays, or devices do not qualify as a business for purposes of §24.304.

Total Acquisition: The right-of-way (R/W) acquisition includes the entire (real) property or tract of land.

Part 2 - APPRAISAL PROCESS

When a project is received by the Appraisal Section, that section will submit a request to the Beautification Section for a sign inventory listing and an inventory data sheet for each sign in the inventory for that project. The request from the Appraisal Section will include the project number, county, route and the beginning and ending points of the project.

Signs that will be impacted by R/W acquisitions should be identified at the time the appraisal problem statement is written and noted in the problem statement for the tract upon which the sign is located. The Sign Inventory Data sheet will be included with the Realty/Personalty Inventory sheet in the appraisal. It is ultimately the responsibility of the appraiser assigned to said project/tract to identify all signs that are located in the proposed R/W on the project appraisal assignments. It is possible there will be signs located along the project route that are not listed on the sign inventory provided by the Beautification Section.

A. Off-Premise Signs

KDOT will typically treat off-premise outdoor advertising devices as personal property.

The Appraisal Section will send a letter to the sign owner at the start of the appraisal process to inform the sign owner that the sign will be impacted by the project. A copy of this letter should also be mailed to the landowner as a courtesy. This letter will include the Beautification Section's contact information.

The appraisal report will include:

1. The appraiser will make reasonable attempts to obtain a copy of the sign land lease from the landowner and/or the sign owner.

2. Value of the leasehold (lessee/sign owner/tenant) estate, if any. If there is no value to the leasehold estate OR above or below market information to determine the value of the leasehold, the appraiser should note this in the appraisal report.

3. Compensation to the landowner for the loss of the sign site.

    a. An exception to including compensation to the landowner for the loss of the sign site may arise if the circumstances reveal a likely outcome that the sign will be relocated onto the remainder thereby reestablishing the sign site on the remainder. These exceptions, if determined by the appraiser or the review appraiser, will be noted in the appraisal report or in the appraisal review.

The sign addendum of the tract file will include: *(Information for Relocation use)*

1. Depreciated reproduction cost of the sign; and

2. The estimated cost of moving and reestablishing the sign to another (legal) location (up to 50 miles) in working order, but with no allowance for storage.

3. Photos and Sign Inventory Data sheet & license information obtained from the Beautification Section, and this will include the determination by Beautification of the eligibility for resetting of the sign on the remainder.

B. On-Premise Signs

For owner occupied and tenant occupied properties, KDOT will generally treat on-premise signs as real property. The appraisal and acquisition procedures for tenant owned, on-premise signs treated as real property shall follow 49 Code of Federal Regulations (CFR), Part 24.105, Acquisition of Tenant-Owned Improvements.

1. Partial Acquisition

The appraisal report will include, as a cost-to-cure item, the cost to reestablish the sign onto the remaining property and the allocation of the cost-to-cure to the landowner or tenant. In the event the sign cannot be relocated onto the remainder, the just compensation for the sign will be established in the appraisal and/or appraisal review.

2. Total Property Acquisition

Just compensation for the sign will be "the amount which the sign contributes to the fair market value of the property or its salvage value, whichever is greater."

C. Signs located in Temporary Easements

1. Signs that are located within a temporary easement but outside of the construction limits - the appraiser should consult with KDOT's Design Squad to determine if the sign can remain in place. If the sign can remain in place, the appraiser will request that a "Do Not Disturb" note be added to the plans.

2. On-premise signs that are located within a temporary easement and within the construction limits will need to be moved. The appraiser will determine if the sign can be moved to a new permanent location or if the sign will need to be moved again after the expiration of the temporary easement. Cost to cures will be considered accordingly.

3. Off-premise signs located within a temporary easement and within construction limits will be handled in accordance with Part 1 through Part 4 of this Sign Policy.

D. Sign Encroachments on existing right of way and/or non-compliant signs

1. If during the appraisal or land acquisition process, the BoRW's Beautification Section and/or KDOT District personnel determine that a sign is located in the existing right of way, the Beautification Section will contact the District Office to initiate removal of the sign.

2. If during the Appraisal process it determined that there are non-compliant signs within the project bounds, the BoRW's Beautification Section will initiate the licensing process or removal of the sign.

Part 3 - ACQUISITION

A. Off Premise Signs

1. The Offer Letter to the landowner will include the value for any sign site established in the Estimate of Just Compensation. (Provided a copy of the land lease was obtained by the appraiser.) The Acquisition Agent will deliver an R/W5 (Tract Vacation Information) form to the Relocation Assistance Officer notifying that the Offer Letter to acquire has been presented to the landowner and that there is an off-premise sign requiring relocation.

2. The Acquisition Agent will be responsible for obtaining the Release of Leasehold Interest from the sign owner.

   In order to finalize the R/W acquisition with the landowner, it will be necessary to obtain the sign owner's Release of Leasehold Interest. In the event a release cannot be obtained, the proposed R/W acquisition from the landowner as well as the sign owner's leasehold interest will be acquired through eminent domain unless otherwise directed. The Acquisition Agent will deliver an R/W5 form to the Relocation Assistance Officer notifying that the necessary right of way has been acquired.

B. On-Premise Signs

1. Landowner-owned on-premise signs will be treated as cost-to-cures for partial acquisitions and will be acquired as part of the real property improvements on total acquisitions or in cases where there is not sufficient room to reset the sign on the remainder.

2. Tenant-owned on-premise signs will generally be treated as real property. The acquisition process for tenant owned signs, where the tenant has the right or obligation to remove the sign at the expiration of the lease, shall follow procedures set out in Section 7.1 of the Acquisition Manual for Tenant Owned Improvements.

PART 4 - RELOCATION

A. On-Premise Signs

On-premise signs are not eligible for relocation assistance. Cost estimates and any compensation allowed will be determined as outlined in KDOT's appraisal and acquisition manuals.

B. Off-Premise Signs

1. Off-premise licensed and compliant signs, as determined by KDOT's Beautification Section, will be considered personal property when located within the proposed acquisition area.

2. Owners of licensed or compliant off-premise signs that are displaced as a result of the project will be reimbursed the actual and reasonable relocation expenses as determined by the BoRW's Relocation Assistance Section. Off-premise licensed signs as well as off-premise compliant signs will be relocated utilizing the regulations and policies as they relate to personal property only moves [24.301(e)].

3. If the off-premise licensed or compliant sign cannot legally be placed back on the tract's remainder **OR** if moving the sign is not physically possible or economically feasible **OR** if the sign owner elects **NOT** to relocate the sign, the sign owner will be compensated utilizing the actual direct loss of tangible personal property formula [24.301(f)] which is the **LESSER** of:

   The depreciated reproduction cost of the sign less the proceeds from its sale,

   -OR-

   The estimated cost of moving the sign with no allowance for storage.

   If the sign owner is compensated utilizing the direct loss method, the sign may be left in place for removal by KDOT or KDOT's representative. The Relocation Section will be responsible for submitting an R/W 205 form, Disposition of Improvements, to the BoRW's Property Management Section for all signs handled through the Relocation Assistance Section.

4. The reestablishment benefit is available to a "**small business**." The owner of an off-premise legal/compliant sign that must be relocated because of a highway project is **not** eligible for the reestablishment benefit since the owner of the sign is classified as a "**business**" not as a "**small business**" as defined in 24.2(a)(24), which has a specific eligibility exemption for outdoor advertising signs.

Sign Supplement

Bureau of Right of Way – Acquisition, Appraisal, and Relocation Section – Schedule for payment for removing/relocating of small signs. (2/1/2025)

Schedule for Payment for removing/relocating of small signs – under 100sqft

updated 6/25/2024 - Effective 2/1/2025

	Metal		Wood		
	1 side	2 side	1 side	2 side	Additional for Lighting
2 X 4 (8sq ft)	$ 687.50	$ 1,016.88	$ 608.75	$ 924.85	$ 400.00
4 X 6 (24 Sqft)	$ 1,575.00	$ 2,233.75	$ 1,417.50	$ 1,950.38	$ 500.00
4 x 8 (32 sq ft)	$ 2,175.00	$ 2,941.25	$ 1,932.50	$ 2,657.13	$ 500.00
5 X 10 (50 sqft)	$ 2,675.00	$ 3,878.75	$ 2,407.50	$ 3,490.88	$ 600.00
6 x 12 (72 sqft)	$ 5,000.00	$ 7,000.00	$ 4,500.00	$ 6,300.00	$ 800.00
8 x 12 (96 sqft)	$ 6,500.00	$ 9,000.00	$ 5,800.00	$ 8,200.00	$ 900.00

- If in between sizes use the next size up
- If moving on the remainder reimburse actual costs
- All signs 4 x 6 or larger are required to be licensed - contact Beautification section if there is no visible license.

Examples:

Fraternal clubs and Churches- these signs

are typically 2 x 2 or 2x4 and are usually staked individually

Metal or wood Signs – 1 or 2 sided, sometimes lighted.

KDOT Sign Policy Addendum effective 2/1/2025

Kansas Statutes Annotated 26-513

NOTE: The appraiser must consider the fifteen items set forth in K.S. A. 26-513 listed below when appraising a property. Other factors may also be considered. Each of the items are not to be considered as separate items of damages, but are considered only as they affect the total compensation and damages established by the appraiser.

26-513

Chapter 26.--EMINENT DOMAIN
Article 5.--PROCEDURE ACT

26-513. Same; compensation required for taking and damage; determination.

(a) *Necessity.* Private property shall not be taken or damaged for public use without just compensation.

(b) *Taking entire tract.* If the entire tract of land or interest in such land is taken, the measure of compensation is the fair market value of the property or interest at the time of the taking.

(c) *Partial taking.* If only a part of a tract of land or interest is taken, the compensation and measure of damages is the difference between the fair market value of the entire property or interest immediately before the taking, and the value of that portion of the tract or interest remaining immediately after the taking.

(d) *Factors to be considered.* In ascertaining the amount of compensation and damages, the following nonexclusive list of factors shall be considered if such factors are shown to exist. Such factors are not to be considered as separate items of damages, but are to be considered only as they affect the total compensation and damage under the provisions of subsections (b) and (c) of this section. Such factors are:

(1) The most advantageous use to which the property is reasonably adaptable.
(2) Access to the property remaining.
(3) Appearance of the property remaining, if appearance is an element of value in connection with any use for which the property is reasonably adaptable.
(4) Productivity, convenience, use to be made of the property taken, or use of the property remaining.
(5) View, ventilation and light, to the extent that they are beneficial attributes to the use of which the remaining property is devoted or to which it is reasonably adaptable.
(6) Severance or division of a tract, whether the severance is initial or is in aggravation of a previous severance; changes of grade and loss or impairment of access by means of underpass or overpass incidental to changing the character or design of an existing improvement being considered as in aggravation of a previous severance, if in connection with the taking of additional land and needed to make the change in the improvement.
(7) Loss of trees and shrubbery to the extent that they affect the value of the land taken, and to the extent that their loss impairs the value of the land remaining.
(8) Cost of new fences or loss of fences and the cost of replacing them with fences of like quality, to the extent that such loss affects the value of the property remaining.
(9) Destruction of a legal nonconforming use.
(10) Damage to property abutting on a right-of-way due to change of grade where accompanied by a taking of land.
(11) Proximity of new improvement to improvements remaining on condemnee's land.
(12) Loss of or damage to growing crops.
(13) That the property could be or had been adapted to a use which was profitably carried on.
(14) Cost of new drains or loss of drains and the cost of replacing them with drains of like quality, to the extent that such loss affects the value of the property remaining.
(15) Cost of new private roads or passageways or loss of private roads or passageways and the cost of replacing them with private roads or passageways of like quality, to the extent that such loss affects the value of the property remaining.

(e) *Fair market value.* "Fair market value" means the amount in terms of money that a well informed buyer is justified in paying and a well informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion. The fair market value shall be determined by use of the comparable sales, cost or capitalization of income appraisal methods or any combination of such methods.

History: L. 1963, ch. 234, § 13; L. 1969, ch. 196, § 2; L. 1999, ch. 111, § 3; Apr. 22.