

D. REAL PROPERTY ACQUISITION

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION	3
<u>TASKS</u>	
D-1. Applicability of the Uniform Act	3
D-2. Acquisition Procedures Under the Uniform Act	5
D-3. Appraisals Under the Uniform Act	9
D-4. Expropriation	11
D-5. Acquisition Not Subject to the Uniform Act	11
D-6. Record Keeping	14
<u>EXHIBITS</u>	
D-1. Preliminary Acquisition Notice/Brochure	17
D-2. Agreement for Appraisal Services (Acquisition)	28
D-3. Uniform Appraisal Standards for Federal Land Acquisitions	43
D-4. Invitation to Accompany an Appraiser	49
D-5. Short Form Appraisal Report for Servitude Takings	51
D-6. Review of Appraisal	53
D-7. Statement of the Basis for the Determination of Just Compensation	57

TABLES OF CONTENTS (Cont'd)

		<u>PAGE</u>
D-8.	Written Offer to Purchase	59
D-9.	Statement of Settlement Costs	60
D-10.	Property and/or Servitude Acquisition Waiver	61
D-11.	Notice of Intent Not to Acquire Property	63
D-12.	Voluntary Acquisition Policy	64
D-13	Acquisition Composite List	65
D-14.	Real Property Acquisition Checklist	67

D. ACQUISITION

Introduction to Acquisition

This section presents the requirements that apply to property acquisition in connection with the Louisiana Community Development Block Grant (LCDBG) Program. The acquisition of “property”, as used in this section of the handbook, will include the acquisition of parcels of land, servitudes, leases and rights-of-way.

Local governments are required to own and provide documentation of property ownership for property involving an LCDBG project. Property will include property owned by the local government before a specific LCDBG project was considered, property obtained in anticipation of an LCDBG project and property obtained as part of an LCDBG project.

Proof of property ownership must be documented by an attorney’s opinion or a copy of the title to the property as recorded at the parish courthouse. For streets, there is an additional option which will prove ownership under Louisiana Revised Statute 48:491. LRS 48:491 allows maintenance logs or other substantial written proof of maintenance for at least three years to be considered as written documentation of ownership of the respective streets.

Property acquired for an LCDBG project must be legally recorded. Such recordation is to be filed at the parish courthouse.

Task D-1: Applicability of the Uniform Act

The Uniform Act There was a need for a standardized set of acquisition procedures on federally funded projects in order to avoid the myriad of variations occurring from state to state. In response to this need, Congress passed the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970. This law is commonly called the "Uniform Act".

Acquisition of Specific Parcels of Property by Purchase Much of the property that a state agency acquires for any activity funded in whole or in part with LCDBG funds is subject to the Uniform Act. A state agency is a village, town, city, parish, or any other entity that has “Eminent Domain”. Eminent Domain is the legal power to condemn land and acquire privately held property under Article I, Section 2, of the Louisiana Constitution. The term “local government”, as used in this section, will refer to the governing bodies of villages, towns, cities or parishes. The following examples illustrate common types of acquisition that are subject to the Uniform Act:

- A certain parcel of property owned by John Doe, a citizen of the community, is needed by the local government for a fire station. It has been determined by the local government that this specific parcel is the best location for the fire station. LCDBG funding has been awarded for the project. The acquisition of this parcel by the local government would be subject to the Uniform Act.

- A certain parcel of property owned by Private Enterprise, Incorporated, is needed for the installation of a water well involving an LCDBG funded project. The life expectancy of the water well is estimated to be as much as 40 years. It is a known fact that Private Enterprise, Incorporated, is willing to enter into a lease with the local government for the long term use of the parcel for a water well. Acquisition of a leasehold interest from Private Enterprise, Incorporated, by the local government would be subject to the Uniform Act.
- The local government needs to obtain permanent roadside rights of way for sewer lines that are part of the installation of a new sewer system which is funded, in part, with LCDBG funding. Some of the rights of way are expected to be donated while others are expected to be purchased. Acquisition of such rights of way, whether by donation or purchase, would be subject to the Uniform Act.

Acquisiton By Private Entities Acquisitions by private entities, such as corporations, that do not have condemnation powers are covered by the Uniform Act, even though LCDBG funds are not used to fund the acquisitions. An economic development project that involves a private company acquiring land in most instances is a Uniform Act acquisition. The following is an example of acquisition by a private entity that would be subject to the Uniform Act:

- The local government, on behalf of Widget Incorporated, has been funded for an Economic Development project. A parcel, now privately owned and next to the widget plant, is to be acquired by Widget, Incorporated. The Office of Community Development will provide funds for infrastructure associated with the expansion but Widget Incorporated will be the entity that acquires the parcel of adjacent land. Such acquisition would be subject to the Uniform Act.

Purchases, Donations, Partial Donations Purchases, donations, and partial donations are subject to the Uniform Act when property is obtained for LCDBG projects from individuals or entities that do not have Eminent Domain.

Additional Rights of Way—Street Projects If a road or street is being widened or extended it will often be necessary to obtain additional rights-of-way. It may be that the local government owns the streets and a small right of way along the street but not the larger right of way needed. This additional right of way, when obtained from private individuals or entities which do not have Eminent Domain, would be subject to the Uniform Act.

Timing The timing of an acquisition can also make it subject to the Uniform Act. Regardless of the source of funds, any acquisition made by a local government which takes place on or after the date of submission of your LCDBG application to finance an activity on that property is subject to the Uniform Act. Also, an acquisition that took place before the application submission may be subject to the Uniform Act if there is clear evidence that the acquisition was done in anticipation of obtaining LCDBG funds.

Leases Subject to the Uniform Act Leases which are for a duration of 15 years or longer are subject to the Uniform Act. Leases which are for a duration of less than 15 years but are automatically renewable are also subject to the Uniform Act.

Lease Approvals Should the local government decide to lease rather than purchase a piece of property, the Office of Community Development must be furnished the terms of the proposed lease and an estimate of the property value prior to the execution of the lease agreement.

The Office of Community Development will examine the lease for at least three factors: duration, cost, and compliance with the Uniform Act. The lease should be for a duration that is, at a minimum, as long as the anticipated life of the project improvements. The cost of the lease must be reasonable and will be compared to the cost of an outright purchase. If the duration of the lease is less than 15 years, this office must determine that the duration was not established for the intentional purpose of avoiding the requirements of the Uniform Act.

HUD Website HUD provides a Real Estate Acquisition and Relocation website at <http://www.hud.gov/relocation>. This site provides access to Handbook 1378, Tenant Assistance Relocation and Real Property Acquisition, and to the HUD brochure, When a Public Agency Acquires Your Property.

Task D-2 Acquisition Procedures Under the Uniform Act

Steps For Meeting LCDBG and Uniform Act Acquisition Requirements Certain steps regarding acquisition of property are necessary to meet LCDBG and Uniform Act requirements. The steps for the purchase of property under the Uniform Act, and the order in which they should occur are as follows:

1. Determine ownership
2. Send the Preliminary Acquisition Notice
3. Determine if an appraisal and review appraisal will be required
4. Obtain a valuation of the property
5. Prepare the Statement of Just Compensation
6. Send the written offer to purchase
7. Conclude final negotiations
8. Prepare a sales contract and complete the sale
9. Provide a Statement of Settlement Costs

Notices, letters, and other documents regarding acquisition must be sent by certified or registered mail, return receipt requested, or hand delivered with receipt documented.

If the owner or occupant does not read or understand English, the local government must provide translations and assistance. Each notice must give the name and telephone number of a person who may be contacted for further information.

Step 1: Determine Ownership The local government is responsible for determining ownership of property which may be needed for an LCDBG project. A title search to determine ownership is often necessary.

Step 2: Send the Preliminary Acquisition Notice As soon as possible after the local government decides that you want to acquire property a Preliminary Acquisition Notice must be sent to the owner (**Exhibit D-1**). One important element of the Preliminary Acquisition Notice is that it explains that it is not a notice to vacate and does not establish eligibility for relocation payments or assistance. The Preliminary Acquisition Notice must be accompanied by the brochure, When a Public Agency Acquires Your Property, which is usually the local government's acquisition policy. If the local government chooses to adopt a different policy, it must at least be as stringent as the Uniform Act; it must be written and sent to the owner along with the Preliminary Acquisition Notice. This brochure is included as **Exhibit D-1**.

Step 3: Determine if an Appraisal and Review Appraisal will be Required Either of two conditions will trigger an appraisal: (1) the value of the property is estimated to be more than \$10,000, (2) the owner of the property wants an appraisal. If an appraisal is required the owner of the property must be invited to accompany the appraiser.

When an appraisal is required a review appraisal will automatically be required.

Step 4: Obtain a Valuation of the Property Regardless of whether an appraisal is required it will be necessary to obtain valuation of the property in order to prepare the Statement of Just Compensation as discussed in Step 5.

If an appraisal and review appraisal are required, then the valuation will be based on the appraisals. However, the review appraisal, if higher in monetary valuation than the first appraisal, is considered to be the controlling document.

If an appraisal and review appraisal are not required, then a knowledgeable person may provide a written opinion as to the value of the property. It should be signed and dated and made a part of acquisition records. It does not have to be notarized. A knowledgeable person may be a real estate broker, salesperson, banker, or some other type of locally recognized authority on the value of local property. Often this valuation service could be provided for less than \$100.00 and will sometimes be provided free of charge. In all cases the scope of the service and cost of the service should be substantially lower than the cost of an appraisal and review appraisal.

The written valuation does not need to be complicated or detailed. The written opinion is not required to be based on a selection of chosen "comparables" as is often the case with a formal appraisal. The knowledgeable person should state at least three things in the written opinion: (1) His or her qualifications in one short paragraph, (2) Brief description (but not an official legal description) of the property and (3) Estimate of the value of the property.

Step 5: Prepare the Statement of Just Compensation After valuation of the property, the Statement of the Basis for the Determination of Just Compensation (Exhibit D-7) must be prepared. The amount determined to be just compensation must be based on the fair market value as determined in the valuation. It must contain the following elements:

- Legal description and location of the property,
- Description of the interest to be acquired (e.g., full ownership, servitude, etc.),
- Inventory identifying the building, structures, fixtures, etc., which are considered to be a part of the real property,
- The amount of the offer,
- A statement to the effect that the amount offered is the full amount believed by the local government to be just compensation, is not less than the fair market of the property, disregards any increase or decrease in the fair market value attributable to project for which the property was acquired, and does not include any consideration or allowance for relocation costs,
- Definition of fair market value,
- Explanation of the method used to value the property,
- In the case of tenant-owned improvements, the amount determined to be just compensation for the improvement and the basis as set forth in Handbook 1378,
- In the case of the owner retention of improvements, the amount determined to be just compensation for these improvements and the basis as set forth in Handbook 1378,
- Any purchase option agreement should be attached,
- If only a part of the parcel is to be acquired, a statement apportioning the just compensation between the actual piece to be acquired and an amount representing damages and benefits to be remaining portion.

Step 6: Send the Written Offer to Purchase Send the owner a written Offer to Purchase (Exhibit D-8), along with the written Statement of the Basis of the Determination of Just Compensation. In addition to the amount of just compensation, the offer must specify the date on which negotiation for the sale of the property will begin. This date must be the same date as the written offer. As with all notices, it should be sent certified or registered mail, return receipt requested.

If the property is tenant or owner-occupied, a written Notice of Displacement must be issued within 30 days of the date specified for the initiation of negotiation. For more details on Relocation Procedures and Antidisplacement under Section 104(d) of the Act, refer to the section on Relocation, Antidisplacement or Handbook 1378.

Step 7: Conclude Final Negotiations The sale is then negotiated. The owner may accept the fair market value and the local government can enter into an agreement with no further action necessary by the Office of Community Development. The owner must be provided an opportunity to discuss the offer, propose a higher value and document that higher value. The local government may consider an offer exceeding fair market value and submit documentation

supporting acceptance to the Office of Community Development, obtain a new valuation, initiate condemnation proceedings, or decide not to acquire the property. Documentation of negotiation proceedings should be placed in the project acquisition file.

There may be occasions when an owner proposes or insists on more than the fair market value. Any amount which exceeds fair market value must be examined and approved by the Office of Community Development if acquisition is to be paid with LCDBG funds. Send the Office of Community Development documentation for prior approval before signing the contract of sale. Approval or disapproval by this office is to be evidenced either by memo transmitted by e-mail communication or faxed copy of the documentation dated and initialed by the acquisition specialist of the LCDBG staff. The use of LCDBG funds which are in excess of fair market value and are not approved prior to disbursement by the Office of Community Development will be disallowed.

Step 8 Prepare a Sales Contract and Complete the Sale Following successful negotiations, an act of sale must be prepared and executed and transfer of documents secured. The local government must also reimburse the owner to the extent deemed fair and reasonable for incidental costs associated with transfer of title (i.e., recording fees, transfer taxes, penalty cost or other charges for prepayment of any pre-existing recorded mortgages, etc.).

Step 9 Provide a Statement of Settlement Costs The local government must give the owner a Statement of Settlement costs which identifies all settlement costs regardless of whether they are paid at, before, or after closing, and must clearly separate charges paid by the owner (**Exhibit D-9**). If a title or escrow company is used, their standard form is acceptable. The Statement of Settlement Costs must be dated and certified as true and correct by the closing attorney or other person handling the transaction.

The local government must also be able to prove the payment of the purchase price by retaining a copy of the canceled check and the Act of Sale.

Deciding Not to Acquire: If the local government decides not to buy or expropriate a property at any time after the Preliminary Acquisition Notice has been sent to the property owner, written notification must be sent to the owner and any tenants occupying the property that the local government does not intend to acquire the property and that any person moving from the property thereafter will not be eligible for relocation payment and assistance. This notice must be sent within 10 days of your decision not to acquire (**Exhibit D-11**).

Donations: The procedure to be followed for donations is somewhat different. If a property is to be fully donated, the local government should inform the owner of his rights under the Uniform Act and obtain a signed waiver. A sample waiver form is included as **Exhibit D-10**. The owner must be given a copy of the HUD brochure, "When a Public Agency Acquires Your Property". If property is to be partially donated, the local government must follow the procedures of the Uniform Act as detailed in the steps herein and the property owner must sign a waiver of his/her rights for the donated portion of the property.

If donations are being made by elderly, very poor, functionally illiterate or non-English speaking

persons, the local government should carefully document the efforts made to insure the owner-occupant understands their rights in order to demonstrate the owner is not persuaded or coerced into donating their property.

Task D-3 Appraisals Under the Uniform Act

Selecting Appraisers The local government must select an independent appraiser. The appraiser should have no interest in the property or be related to, or in business with, anyone having any interest in the property to be acquired. The appraiser should be qualified, reputable and professional. Generally, only people who obtain at least 50 percent of their income from doing appraisals and who belong to a professional association that has a code of ethics should be considered. Look for appraisers who have had experience doing the types of appraisals you need. An appraiser who usually establishes values for vacant, unimproved land may not be appropriate to establish accurate values of houses. State-certified or licensed real estate appraisers eligible to perform appraisals for federally related transactions are now listed on the Internet. The National Registry of State-Certified or Licensed Appraisers' Website is: <http://www.asc.gov>.

The local government should request statements of qualifications from a number of local appraisers, review those qualifications, and employ only qualified appraisers. A minimum of one appraisal is required; however, if the project is potentially controversial (as with an unwilling seller or a conflict of interest involving a public official) or where property values exceed \$100,000, it is recommended that two independent appraisals be conducted. A review appraisal must be prepared for each appraisal conducted.

The Contract for Appraisal Services The local government must execute a professional services contract with the independent appraiser. **Exhibit D-2** is an appraisal contract that has the required elements for use in the LCDBG program. This contract may be used or another that is prepared which contains the elements found in Exhibit D-2. The local government should go over the contents of this contract with your appraiser. The contract must require the appraiser to invite the property owner to accompany the appraiser during the property inspection and not to consider race, color, religion or the ethnic characteristics of a neighborhood in estimating the value of residential real property. Compensation for an appraisal shall not be based on the amount of the valuation.

Exhibit D-3, which states the "Uniform Appraisal Standards for Federal Land Acquisition" sets forth standard requirements for appraisals involving federally funded acquisitions. Standard FHA appraisal forms may be used if they cover all the requirements of the appraisal contract covered in Exhibit D-2.

Property Valued at \$250,000 or More A contract (fee) appraiser making a "detailed appraisal" on property valued at \$250,000 or more must be certified and licensed in accordance with State law implementing Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), P.L. 101-73 and must be currently active on the Louisiana State Certified

Appraisers General Appraisal list. The review appraiser must also be on the State's General Appraisal list.

Property Valued at Less Than \$250,000 As of September 6, 2001, for property valued below \$250,000, the sub-grantee may use a General Appraiser or a Residential Appraiser. This is also applicable to the review appraisal.

Owner Invitation Before the first appraisal is undertaken, the local government or the appraiser on behalf of the local government must formally invite the property owner to accompany the appraiser during inspection of the property (**Exhibit D-4**). This notice should be in writing and a copy placed in your property acquisition file along with evidence of receipt of the owner. The requirement to invite the property owner to accompany the appraiser is optional for the review appraisal.

Servitude Appraisal Forms **Exhibit D-5** is an example of a short form that can be accepted for an appraisal establishing the value of servitude. This form summarizes complete documentation which the appraiser must have on file.

The Review Appraisal Once the appraiser has prepared and submitted the appraisal a review appraisal must be obtained. The review must be done by a qualified staff appraiser or an independent fee appraiser. The review appraiser should be required to visit the property. The review must be written, signed and dated. It should assess the adequacy of the appraiser's supporting data, the appraisal procedures used, and the soundness of the appraiser's opinion of fair market value.

Authority of the Review Appraisal It must also include the reviewer's recommendation of the fair market value of the property. **Exhibit D-6**, the "Review Appraisal Report", contains the required elements needed in a review appraisal. If the review appraiser disagrees with the fair market value of the original appraisal, the locality can request that the original appraiser modify and document any changes in the original report. When judging between differences in the first appraisal and the review appraisal and if differences are not resolved by the modification of the first appraisal then the review appraisal is to be considered authoritative. The local government will also have the option of obtaining another "first appraisal" and review appraisal.

Acquiring Property Without an Appraisal (42 USC 4651 (2); 49 CFR 24.102 (c) (2)): If the local government can determine that the valuation of a parcel of land or servitude is uncomplicated and that fair market value of the property does not exceed \$10,000, and if the owner does not desire an appraisal, then an offer can be made to the owner(s) of the property without a formal appraisal but a written valuation of the property by a knowledgeable person will be required. If an appraisal is not required then a review appraisal will not be required.

An option to increase the \$10,000 valuation amount to \$25,000 may be requested in writing from the Office of Community Development.

Task D-4 Expropriation

Expropriation Proceedings: If the local government cannot negotiate the sale, expropriation proceedings may be instituted. Inexperienced localities sometimes think expropriation is cheaper than negotiated sales. When the owner is an individual, especially elderly or infirm, courts may

be very generous and expropriation can be substantially more expensive than negotiation. The local government is required to pay the amount established by the court.

Initiation of Expropriation Proceedings Expropriation is a legal action and must be carried out by the local government's attorney. The local governing body should authorize the proceedings by resolution. Copies of surveys and maps relating to the subject property in the Parish are recorded. Expropriation proceedings can then be initiated in the district court of the Parish in which the property is located. The local government will have to deposit the amount determined to be "just compensation" in escrow with the court.

The court will establish the compensation to be paid for the property. The judgment of the court will vest full ownership title to the property expropriated in the local government. When title is vested, the local government may enter upon the property taken and takeover and dispose of existing improvements.

Quick Take The 2003 Louisiana Legislature authorized the expropriation of property by "quick-take". Contact the Office of Community Development for instructions, forms and approval prior to undertaking this action.

Task D-5 Acquisition Not Subject to the Uniform Act

Types of Acquisition that are Not Subject to the Uniform Act Five types of acquisition are not subject to the requirements of the Uniform Act; however, these types of acquisition are still subject to Louisiana law and specific LCDBG requirements. These five types are:

1. Acquisition from another public agency
2. Temporary construction servitudes/easements
3. Short term leases
4. Voluntary acquisition
5. Acquisition of streets under LRS 48:491

1. Acquisition from Another Public Agency When a local government acquires property from another public agency which also has the power of Eminent Domain such acquisition is not subject to the Uniform Act.

- Example: A municipality acquires a water well site from a parish for an LCDBG funded project. This acquisition is not subject to the Uniform Act.

2. Temporary Construction Servitudes/Easements When a local government acquires a temporary servitude or easement from a private citizen or corporation such acquisition is not subject to the Uniform Act. When connecting service lines from a privately owned dwelling to the a utility line, such as a sewer main, the local government must obtain a construction easement with the private owner(s). (Exhibit B-30) A construction easement should also be obtained for any temporary construction to be undertaken on private property.

- Example: A local government is constructing a new sewer system with LCDBG funds that will serve 100 homes. It is determined that these homes qualify for service line connections under the LCDBG program. The local government must obtain a temporary construction servitude from each homeowner before beginning work on each respective parcel of property. Acquisition of the 100 temporary construction servitudes would not be subject to the Uniform Act.

3. Short Term Leases Leases which are for a duration of less than 15 years and are not automatically renewable are considered short term leases not subject to the Uniform Act.

- Example: A sewer lift station must be installed on an emergency basis due to an unexpected chain of events. The lift station is needed for only five more years at which time a new force main system will be installed which will render the lift station obsolete. The local government chooses to obtain a ten year lease, not automatically renewable, from an appropriate property owner. Acquisition of the ten year lease would not be subject to the Uniform Act.

4. Voluntary Acquisition Voluntary acquisition occurs when the local government acquires real property at fair market value from an owner who has submitted a proposal to the community for purchase of their property in response to a public advertisement. The local government may undertake a voluntary acquisition when a site needed for an LCDBG project can be satisfied by more than one property. Property owners can then voluntarily, in response to the advertisement, let the local government of the availability of their property and enter into negotiations for the sale of the property. Voluntary acquisition is not subject to the Uniform Act.

Voluntary Acquisition Property Valuation Valuation of parcels of property will need to be established and may be done by the appraisal process or by a knowledgeable person. If the appraisal process is used a review appraisal is not mandatory because voluntary acquisition is not subject to the Uniform Act. If a knowledgeable person does a valuation of the property it must be in writing. The valuation does not need to be complicated or detailed. The written opinion is not required to be based on a selection of chosen “comparables” as is often the case with a formal appraisal. The knowledgeable person should state at least three things in the written opinion: (1) His or her qualifications in one short paragraph (2) Brief description (but not an official legal description) of the location of the property and (3) Estimate of the value of the property.

Voluntary Acquisition Example

- Example: A parcel is needed for an LCDBG funded fire station. The fire station could be placed on many different parcels located in the northern part of the municipality. The local government adopts a Voluntary Acquisition Policy. The local government chooses to advertise in the local newspaper for a parcel of property for the fire station. Acquisition of the parcel for the fire station is not subject to the Uniform Act.

Voluntary Acquisition Policy The local government must have or prepare a formal, written policy that authorizes voluntary acquisition. **The policy in Exhibit D-12 must be used.** The public invitation or solicitation should include a description of what the local government wants to buy and all of the rest of the conditions of which a seller should be aware, as stated in **Exhibit D-12**. The solicitation must also indicate that if a mutually satisfactory agreement cannot be reached, the local government will not condemn the property for the same purpose.

Relocation eligibility only becomes effective when a written agreement has been negotiated between the grantee and the owner of the property. If the local government intends to require owner-occupants to waive relocation assistance as a condition of voluntary acquisition, this condition and other pertinent information should be included in the public solicitation and the waiver form should be attached to the purchase offer.

Caution A word of caution—voluntary acquisition is a useful technique in certain situations. It is not a way to "get around" the Uniform Act. Your Local Government Representative can provide advice, early in the process, which can assist in structuring the local government's policy and any public solicitations to avoid the very unpleasant "clean up" that is necessary if voluntary acquisition goes wrong.

5. Acquisition of Streets under LRS 48:491 Acquisition of streets under LRS 48:491 is not subject to the Uniform Act. LRS 48:491 provides ownership status to local governments that provide evidence of local government or State maintenance of respective streets for a period of three years. In order to document street ownership on an LCDBG project, the three year period should have been completed by the date the LCDBG application was submitted to the Office of Community Development.

Procedures Required for Acquisition not Subject to the Uniform Act Requirements for acquisition of property which are not subject to the Uniform Act include the following steps: (1) determination of ownership, (2) valuation of the property, (3) offer and acceptance, (4) act of sale, donation or transfer (5) a statement of settlement costs (6) recordation and (7) in general, any documentation of acquisition activity from start to finish.

If property is obtained via voluntary acquisition an additional requirement is the proof of at least one public advertisement.

Task D-6 Record Keeping

List of Parcels. For each project, the grantee's files shall include a list identifying all parcels to be acquired for the project. Such a list may be maintained in a suitable computer generated format that also indicates, for project management purposes, progress made in carrying out the acquisition program.

Acquisition Case File Acquisition notices, letters and other documents which are mailed are required to be sent by registered or certified mail, return receipt requested. If hand delivered the delivery should be evidenced by signature and date. An Acquisition Composite List (Exhibit D-13) must be completed on LCDBG projects having any acquisition. A Real Property Acquisition Checklist (Exhibit D-14) must be completed for each parcel acquired.

For each parcel acquired the grantee files shall include:

1. Identification of property and property owner(s),
2. Determination of ownership,
3. If applicable, evidence that owner received a Preliminary Acquisition Notice accompanied by the notice entitled "When a Public Agency Acquires Your Property",
4. A copy of valuation for each parcel obtained by purchase whether by appraisal or opinion of a knowledgeable person,
5. If applicable, a Statement of the Basis For the Determination of Just Compensation
6. If applicable, a copy of the written purchase offer and documentation of the date of delivery,
7. If applicable, as in the case of a donation, a Property of Servitude Acquisition Waiver,
8. Copy of a Contract of Sale or Act of Donation,
9. Copy of a Statement of Settlement Costs and evidence (via a copy of a cancelled check) that the owner received net proceeds (if applicable) due from sale,
10. Copy of recordation at the appropriate parish courthouse,
11. If applicable, a copy of an appeal or complaint filed and Agency response.

Persons Not Displaced Documentation on persons not displaced shall include:

1. Evidence that the person received timely written notice that he/she would not be displaced by the project;
2. Evidence that tenants occupying a dwelling received a timely offer of: (a) a reasonable opportunity to lease and occupy a suitable, affordable, decent, safe and sanitary dwelling on the real property and (b) reimbursement of any out-of-pocket expenses incurred in connection with any temporary relocation or a move to another unit on the real property;
3. For each occupant that is not displaced but elects to move permanently from the real property, indicate the reason for the move and any personal contact to explain that the person will not qualify for relocation payments as a "displaced person".

Displaced Persons. For persons displaced, there shall be separate case files that include:

1. Identification of the person's name, address, racial/ethnic group classification and date of initial occupancy. For residential tenant-occupants, include age, sex, and income of all members of the household and monthly rent and utility costs. For homeowners, include Agency "acquisition cost" of unit. For nonresidential occupants, include type of enterprise;
2. Evidence that person received timely written notice of possible displacement and a general description of the relocation payments and advisory services for which he/she may be eligible, basic eligibility conditions and the procedures for obtaining payments;
3. Evidence that person received timely written notice of eligibility for relocation assistance and, for those displaced from a dwelling, the specific comparable replacement dwelling and the related cost to be used to establish the upper limit of the replacement housing payment;
4. Identification of relocation needs and preferences, dates of personal contacts and services provided;
5. Identification of referrals to replacement properties, date of referral, rent/utility costs or sale price (if dwelling), date of availability, reason(s) person declined referral;
6. Copy of 90-day notice and vacate notice, if issued;
7. Identification of actual replacement property, rent/utility costs or sale price (if dwelling) and date of relocation;
8. Copy of replacement dwelling inspection report showing condition of unit and date of inspection;
9. Copy of each approved claim form and related documentation, evidence that person received payment, and if applicable, Section 8 Certificate or Housing Voucher;
10. Copy of any appeal or complaint filed and grantee response.

SAMPLE

September 10, 2004

CERTIFIED MAIL
RETURN RECEIPT

Mr. Willie Smith
Post Office Box 515
Anytown, Louisiana 71357

RE: Preliminary Acquisition Notice/Brochure
FY 20__ LCDBG Program

Dear Mr. Smith:

The Town of Anytown is considering the acquisition of a specific easement to be used in conjunction with the Town's FY 20 __ Louisiana Community Development Block Grant (LCDBG) Program. Our records indicate that the easement being considered is owned by you and Ms. Leola Bart. If our records are incorrect, please comment accordingly in the comment section provided on the Preliminary Acquisition Notice Form.

A brochure describing your rights and the Town's procedures for acquiring easement is enclosed for your information. The brochure states you have the right to donate or sell your easement.

The Town has employed an independent appraiser to establish fair market value for your easement unless you choose to release the Town of such obligations. You or your representative will have the right to accompany him on his inspection of the easement if you wish to do so. A letter inviting you or your representative will be sent by the appraiser at least five days prior to his visit.

Enclosed is one (1) original and one (1) copy of a Preliminary Acquisition Notice Form for your completion. The title opinion, legal description, and a plat map of the easement being considered are attached to the form marked "COPY". Please check the appropriate statement concerning disposition of your easement, return the completed form marked "ORIGINAL" in the enclosed self-addressed, stamped envelope and retain the form marked "COPY" for your files.

If your response is not received within ten (10) calendar days of receipt of this letter, we will assume that you choose to sell your easement to the Town. We will then proceed with the policies set forth by the Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970 (Uniform Act) and the U. S. Department of Housing and Urban Development

requirements governing HUD-assisted programs.

Mr. Willie Smith
Page 2
September 10, 2004

This letter is not a notice to vacate and does not establish eligibility for relocation payments or other relocation assistance. If you have any questions, please call me at (225) 342-7412 or our consultant Mr. Jones at (225) 342-7500.

Very truly yours,

Mayor Bob Filo

BF/WG:al

Enclosures: As stated

FILE NO.: _____

PRELIMINARY ACQUISITION NOTICE FORM

After reading your letter and reviewing the enclosed brochure concerning acquisition and donation of my easement, I have made the following decision:

_____ I DO INTEND TO SELL my easement to the Town after an appraisal has been obtained and I have been offered just compensation.

_____ I DO INTEND TO DONATE my easement after having been informed of the right to receive just compensation based on an appraisal of the easement and do hereby release the Town from such obligations of obtaining an appraisal.

_____ I DO NOT INTEND TO SELL OR DONATE my easement.

COMMENTS: _____

SIGNATURE: _____

DATE: _____

ADDRESS: _____

STATE: _____ ZIP CODE: _____

TELEPHONE: _____

WHEN A PUBLIC AGENCY ACQUIRES YOUR PROPERTY

US Department of Housing and Urban Development
Office of Community Planning
HUD-1041-CPD, March 2005
www.hud.gov/relocation

Introduction

This booklet describes important features of the **Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970**, as amended (URA) and provides general information about public acquisition of real property (real estate) that should be useful to you.

Most acquisitions of real property by a public agency for a Federal project or a project in which Federal funds are used are covered by the URA. If you are notified that your property will be acquired for such a project, it is important that you learn your rights under this important law.

This booklet may not answer all of your questions. If you have more questions about the acquisition of your property, contact the Agency responsible for the project. (Check the back of this booklet for the name of the person to contact at the Agency.) Ask your questions before you sell your property. Afterwards, it may be too late.

General Questions

What Right Has Any Public Agency To Acquire My Property?

The Federal Government and every State government have certain powers which are necessary for them to operate effectively. For example, they have the power to levy taxes and the power to maintain order. Another government power is the power to acquire private property for public purposes. This is known as the power of eminent domain.

The rights of each of us are protected, however, by the Fifth and Fourteenth Amendments of the U.S. Constitution and by State constitutions and eminent domain laws which guarantee that if a public agency takes private property it must pay "just compensation" to the owner. The URA provides additional protections, as explained in this booklet.

Who Made The Decision To Buy My Property?

The decision to acquire a property for a public project usually involves many persons and many determinations. The final determination to proceed with the project is made only after a thorough review which may include public hearings to obtain the views of

interested citizens.

If you have any questions about the project or the selection of your property for acquisition, you should ask a representative of the Agency which is responsible for the project.

How Will The Agency Determine How Much To Offer Me For My Property?

Before making you an offer, the Agency will obtain at least one appraisal of your property by a competent real property appraiser who is familiar with local property values. The appraiser will inspect your property and prepare a report that includes his or her professional opinion of its current fair market value. After the appraiser has completed his work, a review appraiser will examine the appraisal report to assure that the estimate is fair and the work conforms with professional appraisal standards.

The Agency must offer you "just compensation" for your property. This amount cannot be less than the appraised fair market value of the property. "Just compensation" for your property does not take into account your relocation needs. If you are eligible for relocation assistance, it will be additional.

What Is Fair Market Value?

Fair market value is sometimes defined as that amount of money which would probably be paid for a property in a sale between a willing seller, who does not have to sell, and a willing buyer, who does not have to buy. In some areas a different term or definition may be used.

The fair market value of a property is generally considered to be "just compensation." Fair market value does not take into account intangible elements such as sentimental value, good will, business profits, or any special value that your property may have for you or for the Agency.

How Does An Appraiser Determine The Fair Market Value Of My Property?

Each parcel of real property is different and therefore no single formula can be devised to appraise all properties. Among the factors an appraiser typically considers in estimating the value of real property are:

- How it compares with similar properties in the area that have been sold recently.
- How much rental income it could produce.
- How much it would cost to reproduce the buildings and other structures, less any depreciation.

Will I Have A Chance To Talk To The Appraiser?

Yes. You will be contacted and given the opportunity to accompany the appraiser on his or her inspection of your property. You may then inform the appraiser of any special

features which you believe may add to the value of your property. It is in your best interest to provide the appraiser with all the useful information you can in order to insure that nothing of allowable value will be overlooked. If you are unable to meet with the appraiser, you may wish to have a person who is familiar with your property represent you.

How Soon Will I Receive A Written Purchase Offer?

Generally, this will depend on the amount of work required to appraise your property. In the case of a typical single-family house, it is usually possible to make a written purchase offer within 45 to 60 days of the date an appraiser is selected to appraise the property.

Promptly after the appraisal has been reviewed (and any necessary corrections obtained), the Agency will determine just compensation and give you a written purchase offer in that amount along with a "summary statement," explaining the basis for the offer. No negotiations are to take place before you receive the written purchase offer and summary statement.

What Is In The Summary Statement Of The Basis For The Offer Of Just Compensation?

The summary statement of the basis for the offer of just compensation will include:

- An accurate description of the property and the interest in the property to be acquired.
- A statement of the amount offered as just compensation. (If only part of the property is to be acquired, the compensation for the part to be acquired and the compensation for damages, if any, to the remaining part will be separately stated.)
- A list of the buildings and other improvements covered by the offer. (If there is a separately held interest in the property not owned by you and not covered by the offer (e.g., a tenant-owned improvement), it will be so identified.)

Must I Accept The Agency's Offer?

No. You are entitled to present your evidence as to the amount you believe is the fair market value of your property and to make suggestions for changing the terms and conditions of the offer. The Agency will consider your evidence and suggestions. When fully justified by the available evidence of value, the offer price will be increased.

May Someone Represent Me During Negotiations?

Yes. If you would like an attorney or anyone else to represent you during negotiations, please inform the Agency. However, the URA does not require the Agency to pay the

costs of such representation.

If I Reach Agreement With The Agency, How Soon Will I Be Paid?

If you reach a satisfactory agreement to sell your property and your ownership (title to the property) is clear, payment will be made at a mutually acceptable time. Generally, this should be possible within 30 to 60 days after you sign a purchase contract. If the title evidence obtained by the Agency indicates that further action is necessary to show that your ownership is clear, you may be able to hasten the payment by helping the Agency obtain the necessary proof. (Title evidence is basically a legal record of the ownership of the property. It identifies the owners of record and lists the restrictive deed covenants and recorded mortgages, liens, and other instruments affecting your ownership of the property.)

What Happens If I Don't Agree To The Agency's Purchase Offer?

If you are unable to reach an agreement through negotiations, the Agency may file a suit in court to acquire your property through an eminent domain proceeding. Eminent domain proceedings are often called condemnations. If your property is to be acquired by condemnation, the Agency will file the condemnation suit without unreasonable delay.

An Agency may also decide not to buy your property, if it cannot reach agreement on a price, and find another property to buy instead.

What Happens After The Agency Condemns My Property?

You will be notified of the action. Condemnation procedures vary, and the Agency will explain the procedures which apply in your case.

Generally, when an Agency files a condemnation suit, it must deposit with the court (or in an escrow account) an amount not less than its appraisal of the fair market value of the property. You should be able to withdraw this amount, less any amounts necessary to pay off any mortgage or other liens on the property and to resolve any special ownership problems. Withdrawal of your share of the money will not affect your right to seek additional compensation for your property.

During the condemnation proceeding, you will be provided an opportunity to introduce your evidence as to the value of your property. Of course, the Agency will have the same right. After hearing the evidence of all parties, the court will determine the amount of just compensation. If that amount exceeds the amount deposited by the Agency, you will be paid the difference, plus any interest that may be provided by law.

To help you in presenting your case in a condemnation proceeding, you may wish to employ an attorney and an appraiser. However, in most cases the costs of these professional services and other costs which an owner incurs in presenting his or her case to the court must be paid by the owner.

What Can I Do If I Am Not Satisfied With The Court's Determination?

If you are not satisfied with the court judgment, you may file an appeal with the appropriate appellate court for the area in which your property is located. If you are considering an appeal, you should check on the applicable time limit for filing the appeal and consult with your attorney on whether you have a basis for the appeal. The Agency may also file an appeal if it believes the amount of the judgment is too high.

Will I Have To Pay Any Closing Costs?

You will be responsible for the payment of the balance on any mortgage and other liens on your property. Also, if your ownership is not clear, you may have to pay the cost of clearing it. But the Agency is responsible for all reasonable and necessary costs for:

- Typical legal and other services required to complete the sale, recording fees, revenue stamps, transfer taxes and any similar expenses which are incidental to transferring ownership to the Agency.
- Penalty costs and other charges related to prepayment of any recorded mortgage on the property that was entered into in good faith.
- Real property taxes covering the period beginning on the date the Agency acquires your property.

Whenever possible, the Agency will make arrangements to pay these costs directly. If you must incur any of these expenses yourself, you will be repaid--usually at the time of closing. If you later discover other costs for which you should be repaid, you should request repayment from the Agency immediately. The Agency will assist you in filing a claim. Finally, if you believe that you were not properly repaid, you may appeal the decision to the Agency.

May I Keep Any Of The Buildings Or Other Improvements On My Property?

Very often, many or all of the improvements on the property are not required by the Agency. This might include such items as a fireplace mantel, your favorite shrubbery, or even an entire house. If you wish to keep any improvements, please let the Agency know as soon as possible.

If you do arrange to keep any improvement, the Agency will deduct only its salvage value from the purchase price you would otherwise receive. (The salvage value of an item is its probable selling price if offered for sale on the condition that the buyer will remove it at his or her own expense.) Of course, if you arrange to keep any real property improvement, you will not be eligible to receive a relocation payment for the cost of moving it to a new location.

Can The Agency Take Only A Part Of My Property?

Yes. But if the purchase of only a part of your property reduces the value of the remaining part(s), you will be paid for the loss in value. Also, if any remaining part would have little or no utility or value to you, the Agency will offer to buy that remaining part from you.

Occasionally, a public project will increase the value of the part which is not acquired by the Agency. Under some eminent domain laws, the amount of such increase in value is deducted from the purchase payment the owner would otherwise receive.

Will I Have To Pay Rent To The Agency After My Property Is Acquired?

If you remain on the property after the acquisition, you may be required to pay a fair rent to the Agency. Such rent will not exceed that charged for the use of comparable properties in the area.

How Soon Must I Move?

If possible, a mutually agreeable date for the move will be worked out. Unless there is an urgent need for your property (e.g., your occupancy would present a health or safety emergency), you will not be required to move without at least 90 days advance written notice.

If you reach a voluntary agreement to sell your property, you will not be required to move before you receive the agreed purchase price. If the property is acquired by condemnation, you cannot be required to move before the estimated fair market value of the property has been deposited with the court so that you can withdraw your share.

If you are being displaced from your home, you will not be required to move before a comparable replacement home is available to you.

Will I Receive Relocation Assistance?

Title II of the URA requires that certain relocation payments and other assistance must be provided to families, individuals, businesses, farms, and nonprofit organizations when they are displaced or their personal property must be moved as a result of a project that is covered by the URA.

The Agency will furnish you a full explanation of any relocation assistance to which you may be entitled. If you have any questions about such assistance, please contact the Agency. In order for the Agency to fulfill its relocation obligations to you, you must keep the Agency informed of your plans.

My Property Is Worth More Now. Must I Pay Capital Gains Tax On The Increase?

Internal Revenue Service (IRS) Publication 544 explains how the Federal income tax would apply to a gain or loss resulting from the sale or condemnation of real property, or its sale under the threat of condemnation, for public purposes. If you have any questions about the IRS rules, you should discuss your particular circumstances with your personal tax advisor or your local IRS office.

I'm A Veteran. How About My VA Loan?

After your VA home mortgage loan has been repaid, you will be permitted to obtain another VA loan to purchase another property. Check on such arrangements with your nearest Veterans Administration Office.

Is It Possible To Donate Property?

Yes. You may donate your property or sell it to the Agency for less than its fair market value. The Agency must obtain an appraisal of the property and offer just compensation for it, unless you release the Agency from these obligations.

Additional Information

If you have any questions after reading this booklet, contact the Agency and discuss your concerns with the Agency representative.

Agency:

Address:

Office Hours:

Telephone Number:

Person to Contact:

AGREEMENT FOR APPRAISAL SERVICES (ACQUISITION)

THIS PROFESSIONAL SERVICES AGREEMENT, entered into this ___ day of _____, 20___, by and between _____ of the City of _____, State of _____, hereinafter referred to as the "Agency", and _____, hereinafter referred to as the "Appraiser".

WITNESSETH THAT:

WHEREAS, the Agency proposes to acquire certain real property and desires that the Appraiser furnish the Agency certain services with respect to such property, including an appraisal of each parcel of the property, and the Appraiser represents that he is fully qualified to perform such services and will furnish such services personally; and

WHEREAS, the services to be provided under this Agreement are necessary to achieve the purposes of _____ and the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act).

NOW, THEREFORE, the Agency and the Appraiser, for the consideration and under the conditions hereinafter set forth, do agree as follows:

ARTICLE 1. Property To Be Appraised. A description of the real property to be appraised, including an identification of any interests in the real property to be specifically excluded from appraisal, are set forth in the attached Attachment A. A separate appraisal is to be furnished for each "parcel". (The term "parcel" means any tract or continuous tracts of land in the same ownership, whether any such tract consists of one or more platted lots for a fractional part of a lot. An easement or other separately held interest in two or more parcels shall be considered to be a separate parcel for appraisal purposes and an exception to the title to the parcels so encumbered. An easement in a parcel that is appurtenant to another parcel to be acquired by the Agency shall be considered parcel encumbered). Each parcel shall be considered to include all right, title, and interest of the owner in or to any adjacent or abutting streets, alleys, or other public rights of way.

ARTICLE 2. Purpose and Basis of Valuations.

- (a) Purpose and Significance of Appraisals. The appraisals to be furnished under this agreement are required by the Agency for its guidance in making fair and impartial determinations of fair market value and the just compensation to be offered to each

property owner. The Appraiser shall be guided by those objectives when estimating values. Appraisal reports will be reviewed carefully by the Agency.

Accordingly, the text of each appraisal report must cover all matters germane to the required valuation findings and must provide a full explanation of the Appraiser's reasoning and his analyses of the evidence of value, so that a reviewer will be able to follow the Appraiser's analyses and understand how he reached his valuation conclusions.

- (b) Appraisal Requirements. The appraisals under this agreement shall be based on nationally recognized appraisal standards and techniques to the extent that such principals are consistent with the concepts of value and the rules on the admissibility of evidence of value under the eminent domain law of the State. Factors relating to race, color, religion, sex or national origin, or to racial, religious and ethnic identification of neighborhoods are not relevant to the estimation of value and shall not be considered in connection with appraisals of residential real property.
- (c) Date of Valuation. The Appraiser's valuation shall be as of a date concurrent with the preparation of his report, unless the Agency has specified some other date of valuation.
- (d) Relocation Assistance. The Appraiser's analyses and opinions or property value shall not reflect any allowance for the relocation payments and other assistance provided under Title II of the Uniform Act.
- (e) Influence of Project on Property Value. In forming his opinion(s), the Appraiser shall disregard any decrease or increase in the fair market value of the real property to be acquired, prior to the date of valuation, caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for such project, other than that due to physical deterioration within the reasonable control of the owner. (In the case of a partial acquisition, using the before-and-after method of valuation, the Appraiser's opinion of the value of the remaining not-to-be-acquired portion of the property shall reflect any increase or decrease in value attributable to the project.) If the determination of changes in value caused by the project is a problem, the Appraiser's report shall cite the ruling followed and its source and shall explain the effect of the ruling on his opinion of value.

ARTICLE 3. Scope of Appraiser's Services. The Appraiser agrees to perform the following services.

- (a) Appraise each parcel and prepare and deliver to the Agency, within _____ calendar days after the date of this agreement, _____ copies of the appraisal reports conforming

to the provisions of this agreement. The Appraiser shall personally inspect each parcel, including all buildings, structures, fixtures, and other improvements to the property. The Appraiser shall give the owner or his designated representative an opportunity to accompany the Appraiser during his detailed inspection of the property. If the owner is of a compensable interest in the property or a representative of such owner does not accompany the Appraiser during the inspection, the Appraiser shall include in his appraisal report a copy of his notification to the owner of the opportunity to accompany the Appraiser and evidence of the owner's receipt of such notification. In the process of inspecting the property, the Appraiser shall, to the extent practicable, ascertain the rights of all parties in possession and note for consideration all factual information and comments furnished by the owner or his representative relevant to the appraisal.

- (b) Testify as an expert witness in behalf of the Agency in any judicial proceeding involving any property appraised under this agreement. Such services shall include such reasonable time as may be required for re-inspection of the property, updating the Appraiser's valuation, participation in pretrial conferences with counsel for the Agency, and testifying in the judicial proceeding. The compensation for such services shall be determined in accordance with Article 6.
- (c) Modify or furnish supplements to any appraisal report furnished under this agreement, without additional cost to the Agency, if (1) applicable principles of law with respect to the valuation of the property require the modification or supplementing of such appraisal, (2) material omissions, inaccuracies, or defects in the appraisal report are discovered after delivery and acceptance of the report by the Agency or (3) the Appraiser receives or becomes aware of relevant additional appraisal information in existence prior to the date the Appraiser signed the report. If there is a significant delay between the date of valuation and the date of acquisition of any parcel or if the property has been materially altered since the appraisal by a fire, a revised determination of the boundaries of the property to be acquired, or other cause, the Appraiser shall, if requested by the Agency, furnish the Agency a supplementary report updating this valuation and the supporting data and analysis to a current date. The compensation for such updating of an appraisal shall be determined in accordance with Article 6.
- (d) Estimate the value of any right or interest proposed to be reserved by the owner in a property appraised by the Appraiser, such as an easement for access to other property of the owner, the right to continue occupancy for an extended period after the Agency acquires the property, or the right to remove any building, structure, fixture, or other improvement. The compensation to be paid to the Appraiser for furnishing any such valuation shall be determined in accordance with Article 6.
- (e) Consultant with the Agency and its legal counsel regarding services to be performed by the Appraiser, at such time(s) as may be mutually convenient for the parties to this agreement. The Appraiser shall initiate such consultations whenever he is in doubt as to whether an element of property is real or personal property or needs legal advice on any aspect of the appraisals to be furnished under this agreement. There shall be no charge

by any party for such consultations.

ARTICLE 4. Contents of Appraisal Reports. Each appraisal report to be furnished by the Appraiser under this agreement shall contain certain information and the Appraiser's conclusions and opinions, together with the data and analysis by which they were derived, as set forth below. A separate report shall be submitted for each parcel.

However, if more than one parcel is to be appraised, all general data may be included in a separate data volume that is referenced in the separate appraisal reports on the individual parcels. The appraisal report on each parcel shall include the following:

- (a) A summary headed "Appraisal Report for (name of Agency)" that provides the following:
 - (1) Project name and number.
 - (2) Date of the report.
 - (3) Parcel number, address of the property, brief identification of all interests in the property appraised, and the name of the owner(s) including any tenant-owners.
 - (4) Date(s) of the Appraiser's inspection of the property with the owner(s) or the owner's designated representative, including the name of each owner or representative of an owner who accompanied the Appraiser during his inspection and the interest held in the property or the representative capacity of each such person.
 - (5) The Appraiser's estimate of the fair market value of the entire parcel and the fair market value of the same interest in the land, as if vacant.
 - (6) The limiting conditions of the appraisal, which may include assumptions (i) that the title is good and marketable, (ii) that no responsibility is assumed by the Appraiser for legal matters, especially those affecting the title to the property, (iii) that the legal description of the property and the interest in the property to be appraised, furnished to the Appraiser by the Agency, is correct, and (iv) that no survey of the property has been made. Any other appropriate assumption or limiting condition may be added if it has been specifically approved in writing by the Agency.
 - (7) The certifications of the Appraiser (i) that he personally made a through inspection of the property (ii) that, to the best of his knowledge and belief, everything contained in the report is true and no relevant and important fact has been omitted, (iii) that neither his employment nor his compensation is contingent on the valuation reported, and (iv) that he has no past, present, or prospective interest (including that of real estate agency or broker) in the property, the parties involved, or any other interest that would conflict in any way with the services performed or the making of an impartial report.

- (8) A certification that, in the Appraiser's opinion, the fair market value of the property is (an amount to be stated) as of (the date of valuation).
- (9) The signature of the Appraiser
- (b) The name and address of the owner of the property and the name of any other party known or believed to hold a separate compensable interest in the property.
- (c) The street address and an accurate description of each parcel and all interests in the parcel appraised. The property description shall identify all conditions, restrictions, easements, servitudes, and reservations affecting the title. The property description shall specifically exclude and describe any separately held interest in the property that is to be acquired separately or as part of another parcel. The description shall also specifically exclude all separately held interests which are not to be acquired and will not be affected adversely by the Agency's project. If there are any separately held interests in a parcel, which are to be acquired with other interests in the same parcel, such as leaseholds, tenant-owned improvements, life estates, easements, and water, gas, oil, or mineral rights, a description of each such separate interest and the name of its owner shall be furnished.
- (d) Off-record title information concerning interests or instruments that affect title, but are not of record, such as leases, options to renew a lease, contracts of sale, and other interests or rights of parties in possession. Such information shall be reported, and if available facts are sufficient, the Appraiser's report shall be based on such additional title information and so noted in the appraisal report. Otherwise, the Appraiser shall refer the matter to the Agency and defer completion of the appraisal until the question is resolved.
- (e) Basic property data including pertinent information with respect to such matters as (1) the environment and location of the property, (2) the zoning and any restrictive covenants, conditions, or servitudes affecting the available use or occupancy of the land, (3) the assessed value of the real property and the current annual real estate tax burden, (4) the use and occupancy of the property at time of appraisal, (5) the public improvement, services, and utilities serving and providing access to the property, (6) the character, topography, dimensions, and area of the land, (7) the freedom of the property from special hazards, (8) the current rental and rental history of the property, if rented, (9) the estimated annual costs of ownership and for operation and maintenance of the property, and (10) a description of the buildings, structures, and other improvements, if any, including relevant information as to type of improvement, designed use, construction materials and finish, equipment, dimensions, floor area, age, condition, space or room arrangement, functional utility, and any other characteristics or attributes of the improvements germane to the value of the real property. The appraisal report shall contain a general sketch plat showing the shape and dimensions of the land, the location of the principal improvements on the land, the location of any easements in the land, and the abutting streets, alleys, or other public right of way. The report shall also include

such photographs, clearly identified, as may be appropriate.

- (f) Report of any condition or occupancy of the property in violation of law that may affect the value of the property.(g) The Appraiser's opinion as to the highest and best use for the property. The appraisal report shall also include the Appraiser's opinions as to any other use(s) for which the property is reasonably suitable or adaptable. If the property is unused vacant land or the highest and best use is not self-evident or is found to differ significantly from the present use, the appraisal report shall contain the analysis by which the Appraiser reach his conclusions as to the highest and best use and as the relative suitability or adaptability of the property for any other use(s) for which the property could reasonably be considered to be suitable or adaptable. The analysis of a potential use shall include consideration of relevant matters, such as the suitability of the location, the environment and the legal and physical attributes of the property for such use, the estimated cost, if any, of converting the property to such use, and the supply, sale price levels, and relative desirability of other properties that would compete for the same kind of use. The analysis of the property for the future use or uses found to be the highest and best use is part of the process of appraising the property and, therefore, may be included in the valuation analysis furnished in accordance with Paragraph 4 (h) below.
- (h) The opinion of the Appraiser as to the fair market value of the property. The appraisal report shall contain a description of the reasoning process used by the Appraiser in reaching his conclusion as to value and all data and analysis needed to explain and support his valuation. The supporting data and analysis furnished in the appraisal report shall include the following:
- (1) An analysis of the property, from the point of view of evaluating the effect of its characteristics and attributes on its value for the available use or uses for which the property is best suited. Particular attention shall be given to the characteristics or the property most relevant to its value, such as, in the case of an investment property, the income potential and the expenses of ownership, maintenance, and operation.
 - (2) An identification of the most recent sale of each property appraised and any other sales of such property during the last five (5) years preceding the appraisal. Such sale(s) of the property appraised and all recent sales of comparable properties considered by the Appraiser in forming his opinion(s) of fair market value shall be verified insofar as practical. The information furnished with respect to each such sale shall include, among other pertinent facts, the names of the grantor and grantee, the date of the sale, the sale price, any special terms or conditions or circumstances of the sale that affected the transaction, and a description of the property and its condition at time of sale in sufficient detail for use in making the appraisal.
 - (3) The analysis that constitute the principal basis for the Appraiser's opinion of the fair market value. The appraisal report shall contain the Appraiser's evaluation

with respect to previous sales of the property appraised and any recent offer of the owner to sell the property. The appraisal report shall also contain the Appraiser's analysis of each comparable property and its sale in relation to the property appraised. The Appraiser's analysis shall reflect appropriate allowances for the difference in the time of the sale of the comparable properties and the date of appraisal and the differences in the utility, desirability, and productivity of the properties that are pertinent to their relative value. The appraisal report shall contain a valuation data map showing the location of the property appraised and the comparable properties referred to in the appraisal report.

- (4) All other information, analysis, and estimates considered by the appraiser to be relevant to the estimation of the fair market value of the property.
- (5) If the property appraised is part of a larger parcel in the same ownership or is less than the entire interest of the owner in the property, the appraisal report shall contain the Appraiser's opinion of just compensation for taking of such property or interest, using the before-and-after method of valuation as interpreted under State law unless it is obvious that there would be no damages or benefits to the remaining property or interest of the owner. However, if the part or interest to be taken can be more accurately estimated directly, that method may be used if permitted under State law, without estimating the fair market value of the entire property of the owner. The foregoing opinions of the Appraiser shall be supported in his report by the data and analysis by which he reached his conclusions.

For information purposes, the appraisal report shall also contain the Appraiser's estimates of the fair market value of the to-be acquired part of the whole property and the net damages or benefits to the remaining property of the owner. If in the opinion of the Appraiser, acquisition of the part of, or interest in, the property proposed for acquisition would leave the owner with an uneconomic remnant, the Appraiser shall furnish a separate estimate of the fair market value of a "parcel" comprising both the parcel proposed for acquisition and the uneconomic remnant. (A remainder parcel or interest shall be considered to be an uneconomic remnant if by itself it has little or no utility or value to the owner.)

- (6) Such maps, plans, photographs, or other exhibits, as necessary, to explain or illustrate the analysis of the Appraiser.
- (7) The Appraiser's evaluation of the indications of value deduced from his separate analysis of the various evidences of value and an explanation of how he reached his final conclusion as to the fair market value of the property.

- (i) The opinion of the Appraiser as to the fair market value of the land, as if vacant. The valuation shall be for the same interest in the land as is to be acquired in the real property. The report shall contain information with respect to the available use or uses for which the land would be suitable if vacant, the opinion of the Appraiser as to its highest and best use, and the Appraiser's analysis of the evidences of value and of the use potential by which he reached his conclusions as to the highest and best use of the and the land value.

- (j) A property analysis if the property is a commercial, industrial, institutional, governmental, or farm property that involves substantial quantities and kinds of fixtures such as machinery and equipment. Any building, structure fixture, or other improvement, which would be real property if owned by the owner of the land, shall be considered to be real property (even if the improvement is the property of a tenant who has the right to remove it or the obligation to remove it at the expiration of his term). The property analysis must be approved by the Agency before the appraisal is completed and, as approved by the Agency, shall be included as an exhibit in the Appraiser's report. The property analysis shall list, identify, and classify as to ownership and type of improvement, all items of physical property considered to be part of the real property. The property analysis shall also identify tangible personal property located on the premises to the extent reasonably necessary to prevent misunderstandings as to what is regarded as being real or personal property. Buildings, structures, fixtures and other improvements, including their accessories and spare parts, shall be identified and classified as to ownership and type of property as follows:
 - (1) Ownership.
 - (i) Owner of the land.
 - (ii) Each tenant in occupancy.
 - (iii) Each non-occupant owner of any fixtures or other improvements, or personal property on the premises.

 - (2) Type of property.
 - (i) Building, structure, or fixed improvement.
 - (ii) Building equipment, removable.
 - (iii) Fixtures, classified as to whether economically removable for reuse, removable for salvage only, or irremovable.

- (iv) Personal property, identified as to types and approximate amounts, or otherwise, as needed to prevent misunderstandings as to the classification of any item.

If any building, structure, fixture of other improvement is not to be acquired, it will not be adversely affected by the Agency's project, and will not be required by the agency to be removed, such as a pipeline in an easement not to be acquired, such improvement shall be identified as excluded from the appraisal.

- (k) If machinery and equipment or other fixtures used in a trade or business, farm operation, or institutional or governmental function constitute part of the real property, the appraisal report shall contain a separate schedule which provides separate estimates for each item, as prescribed below. If there is more than one owner of such items, a separate schedule shall be furnished for each owner. The information and conclusions to be furnished on each item are as follows:

- (1) Description of the item, including, as appropriate, the manufacturer, model and serial number, size or capacity, age and condition, and degree of obsolescence. Accessories and spare parts, special foundations, and power wiring and process piping generally shall be listed separately, following the listing of the item(s) to which they apply.
- (2) Estimate of the replacement cost installed of the item as listed and identified (exceeding any elements listed separately). Separately identify the basis of estimated replacement cost (new or used).
- (3) The contributive (enhancement) value of the item to the fair market value of the real property as a whole.
- (4) Estimated fair market value of the item for removal from the property at a purchaser's expense. Such value shall be considered to be the probable selling price if the item were offered for sale for removal from the property at the purchaser's expense, allowing a reasonable time to find a purchaser buying with knowledge of the uses and purposes for which it is adaptable and capable of being used, including salvage for serviceable components and scrap when it appears that will provide the highest value.

The schedule(s) of estimates shall be consistent, with the property analysis approved by the Agency, as provided in Paragraph 4 (j). The Appraiser is permitted to use the services of such technical specialists as may be needed to enable the Appraiser to provide valid estimates and sound valuations. The schedule(s) shall be supported by an explanation of the procedures followed in gathering the necessary market information and technical data. The principal purpose of the Appraiser's accompanying narrative, however, must be to explain his analysis and his evaluations of the dollar amount of the overall contribution of

the machinery, equipment, and fixtures to the fair market value of the real property as a whole. The report shall contain any layout plans, sketches, or photographs that are reasonably necessary for locating or identifying the facilities or illustrating the Appraiser's analysis.

- (l) If there are separately held interests in the real property to be acquired, such as easements, leasehold, air rights, life estates, and oil, gas, or mineral rights, and the division or ownership is not of such character as to destroy the practical unity of the property, the Appraiser shall apportion his estimate of the fair market value to the property (all interests in the property to be acquired) to each separately held interest. (However, tenant-owned improvements shall be valued in accordance with Paragraph 4 (m) below.) The report shall contain the data, analysis, and reasoning by which the Appraiser made the apportionment. If the "unit rule" is regarded as not applicable because the division of ownership is such as to diminish the fair market value of the property as a whole, the separate interests involved shall be appraised separately.
- (m) Tenant-owned improvements. If any building, structure, fixture, or other improvement to the property is identified as being the property of a tenant who has the right or obligation to remove it as the expiration of his term, the Appraiser's estimate of the fair market value of the improvement shall be the greatest of (1) the amount which the improvement contributes to the fair market value of the property, (2) the in-place value of the improvement as part of the real property (the depreciated replacement cost of the improvement installed), or (3) the fair market value of the improvement for removal from the property at the purchaser's expense. The appraisal report shall state the basis for the valuation of the improvement and furnish the data and analysis on which the valuation was made.
- (n) If the property is a multi-family or mixed-use (residential and non-residential) property and owner of a compensable interest in the property also occupies a dwelling in the property, the Appraiser shall furnish an apportionment of his estimate of the fair market value of the whole property to such dwelling and to the remainder of the property. For the purpose of this paragraph, an occupant of a dwelling shall be considered to own a compensable interest in the property if he holds fee title, a life estate, a 99-year lease, or a lease with not less than 50 years to run from the date of valuation, or holds an interest in a cooperative housing project which includes the right to occupy the dwelling, or is the contract purchaser of any of the foregoing estates or interests, or has a leasehold interest with option to purchase. The Appraiser's report shall explain how he made the apportionment.

ARTICLE 5. Services To Be Provided By Agency. The Agency agrees to furnish the Appraiser with the following:

- (a) A map or plat, based on official records, of the property described in Article 1, showing the boundaries and dimensions of the parcels to be appraised. Each parcel shall be designated by a number, and the parcel numbers shown on the Appraiser's reports shall

correspond to the parcel numbers shown on the map or plat. However, additional parcel numbers may be assigned by the Appraiser for easements appraised separately or for additional parcels revealed while making the appraisals. The Appraiser shall promptly advise the Agency of any such additions.

- (b) An ownership data report for each parcel. That report will show all estates and interests in the parcel as shown of record and consequently shall not be assumed to accurately define the interests to be appraised. The ownership data report on each parcel as shown on the parcel map will include the following:
 - (1) The name (and address, if available) of the owner appearing on record;
 - (2) The legal description of the parcel as shown by the conveyance(s) by which the record owner acquired title;
 - (3) Identification of the conveyance(s) by which the present owner acquired title, including the date of the conveyance(s); the date, book and page numbers, and place of recordation; the name (and address, if available) of the grantor of such conveyance; the stated consideration; the amount of any mortgages or encumbrances placed on record or to which title was subject at time of conveyance (so far as determinable from an examination of the conveyance); and the amount of any State or local transfer taxes that were based on the amount of the consideration;
 - (4) Outstanding estates and other rights or interests of record, including easements, use restrictions, mineral rights, leases, and any know, but unrecorded, interests of other parties. Sufficient information shall be furnished to disclose the probable effect of such outstanding interests on the title of the record owner;
 - (5) Outstanding special assessments, if any, for public improvements such as streets, sidewalks, public utilities, and similar public facilities;
 - (6) The amount of real estate taxes for the current year and the assessed valuation stated separately for land and for improvements.
- (c) Legal advice, upon request of the Appraiser, on legal matters affecting the appraisal of any property to be appraised.

ARTICLE 6. Payment. In consideration of the services provided by the Appraiser under this agreement, the Agency agrees to make payment to the Appraiser upon the submission to the Agency of properly certified invoices, as follows:

- (a) For appraisal reports accepted by the Agency, and for all other services furnished in accordance with Article 3, except services furnished in connection with judicial proceedings under Paragraph 3 (b), the updating of appraisals under Paragraph 3 (c), and

the valuation of reservations of rights in owners under Paragraph 3 (d), the lump sum of _____ dollars, which shall constitute full payment to the Appraiser for all of such services and for all supplies, materials, and equipment used or furnished by the Appraiser and all expenses incurred by the Appraiser in connection with the performance of such services.

- (b) For services furnished by the Appraiser in connection with judicial proceedings as provided in Paragraph 3 (b) (except services as an expert witness in such a proceeding), the updating of appraisals as provided in Paragraph 3 (c), and the valuation of reservations of rights in owners as provided in Paragraph 3 (d), _____ dollars per hour or fraction of an hour actually engaged in performing the services, including travel expense and subsistence, shall be borne by the Appraiser.
- (c) For services and an expert witness for the Agency in judicial proceedings as provided in Paragraph 3 (b), the Appraiser and the Agency hereby agree that the fair and reasonable compensation for the Appraiser's services shall be _____ dollars for each day's attendance in court.

ARTICLE 7. Agreements of Appraiser. As an inducement to the execution of this agreement by the Agency in consideration of the agreements to be performed by the Agency, the Appraiser agrees to the following:

- (a) Qualifications. The Appraiser is qualified to perform the services to be furnished under this agreement and is permitted by law to perform such services, and all personnel engaged in the work shall be qualified and so permitted to do the work they perform. Attached as Attachment B, is a statement by the Appraiser, certified by him to be true and correct, setting forth his technical qualifications, general appraisal experience, specific experience in appraising properties of the type involved in this agreement, the courts in which he has testified as an expert witness, and other information pertinent to establishing his technical qualifications.
- (b) Solicitation of Agreement. The Appraiser has not employed any person to solicit this agreement and has not made, and will not make, any payment or any agreement for the payment of any commission, percentage, brokerage, contingent fee, or other compensation in connection with the procurement of this agreement.
- (c) Interests of Appraiser and Appraiser's Employees. The Appraiser does not have any interest (including that of real estate agent or broker), direct or indirect, present or prospective, in any property described in Article 1 or in its sale, or any other interest, whether or not in connection with the property, which would conflict in any manner or degree with the performance of the services and the submission of impartial reports, and has not employed and will not employ, in connection with the services to be furnished under this agreement, any person having any such interest. Until the property is acquired by the Agency or excluded from its project by resolution of its governing body, the Appraiser and any employees of the Appraiser, so long as they are employed by the

Appraiser, will not acquire any such interest and will not, for their own account or for other than the Agency, negotiate for any of the property, perform services in connection with the property, or testify voluntarily as a witness in a condemnation or other proceeding with respect to the property.

- (d) Services To Be Confidential. All services, including reports, opinions, and information, to be furnished under this agreement are confidential and shall not be divulged, in whole or in part, to any person, other than to duly authorized representatives of the Agency, without prior written approval of the Agency, except by testimony under oath in a judicial proceeding or as otherwise required by law. The Appraiser shall take all necessary steps to ensure that no member of his staff or organization divulges any such information except as may be required by law.
- (e) Facilities and Personnel. The Appraiser has and will continue to have proper facilities and personnel to perform the services and work agreed to be performed. If the Appraiser proposes to employ any person or persons to make any appraisals of machinery and equipment or other specialized elements or attributes of a property appraised under this agreement, the employment of such person or persons for such purpose shall not place the Agency under any obligation of such employee, nor relieve the Appraiser of full responsibility for the faithful performance of the services to be furnished under this agreement.
- (f) Assignment. The Appraiser's rights, obligations, and duties under this agreement shall not be assigned in whole or in part, but shall not prohibit the assignment of the proceeds due under this agreement to a bank of financial institution. This agreement may be assigned by the Agency to any corporation, agency, or instrumentality having authority to accept the assignment.
- (g) Subcontracting. None of the work or services covered by the agreement shall be subcontracted without the prior approval of the Agency.
- (h) Records. The Appraiser shall maintain records of all details with respect to the services to be performed under this agreement, including one complete copy of each appraisal report and related notes, for three (3) years after delivering the report or until the property is acquired by the Agency or the acquisition is abandoned, whichever is later.
- (i) Affidavits of Compliance. The Appraiser will, if requested by the Agency, furnish the Agency affidavits certifying compliance with the provisions of this Article 7.

ARTICLE 8. Changes. The Agency, by written notice to the Appraiser, may modify the scope of quantity of the services to be furnished under this agreement. If such changes cause and increase or decrease in the amount of services to be provided by the Appraiser or in the time required for their performance, equitable adjustment shall be made in the provisions of this agreement for payments to the Appraiser or for the time for performance of the services or for both, and this agreement shall be modified by agreement of the parties accordingly.

ARTICLE 9. Notices. Any action by the Agency under this agreement may be taken by _____, or such other person(s) as the Agency may, by written notice to the Appraiser, designate for such purpose. All notices to the Appraiser shall be considered to be properly given if mailed to the address specified below, or delivered personally to the Appraiser. All notices or other papers given to the Agency shall be considered to be sufficiently given if mailed, postage prepaid to _____, at _____, or to such other representative or address as the Agency may designate to the Appraiser in writing.

ARTICLE 10. Contract For Professional Services. Contract must include the special Equal Opportunity and Supplemental Conditions found in the Public Facilities chapter of the Handbook.

IN WITNESS WHEREOF, the Agency and the Appraiser have executed this agreement on or as of the date first above written.

(Appraiser)

(Street Address)

(City) (State) (Zip Code)

(Agency)

By: _____

(Title)

UNIFORM APPRAISAL STANDARDS FOR FEDERAL LAND ACQUISITIONS

Background and Overview

The Uniform Appraisal Standards for Federal Land Acquisitions represents an effort to establish basic appraisal standards applicable to all real estate related transactions involving Federal agencies.

Federal agencies are a major consumer of appraisal services. Estimates show that a high percentage of all appraisal reports are in response to Federal programs involving direct loans, insured and guaranteed loans, direct acquisitions of guaranteed loans by a Federal agency to satisfy a default or other guarantee claim, and the sale, exchange, or acquisition of property, including through eminent domain. Consequently, Federal agencies have a responsibility for establishing and assuring implementation of appraisal standards which are cost-effective and protect the Government's financial interest. Depending on specific agency needs, additional requirements may be included in agency policy, manuals, or handbooks.

These standards were developed in consultation with the Federal Interagency Real Property Appraisal Committee (FIRPAC). This Committee was convened to encourage the development of uniform real property appraisal standards applicable to Federal agencies. In addition, the Committee seeks to assure the protection of the Federal Government's interest in the development and implementation of Title XI, Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989.

Individuals involved in appraising real property must comply with applicable State laws. Private appraisers performing assignments directly for an agency or under policies of a regulatory agency must meet applicable state regulatory requirements.

Federal agency staff appraisers (including agency reviewing appraisers) may be exempt from licensing or certification under State law, or Federal regulation or policy. However, it may be in the agency's interest to encourage staff appraisers and reviewing appraisers to meet State qualification standards. Each agency has the necessary flexibility to decide the qualifications necessary for individual appraisal problems as well as to maintain public confidence in its appraisal program.

Federal Standards

The Uniform Appraisal Standards for Federal Land Acquisitions recognize current Federal standards incorporated into law or referenced by various agencies in their regulations or manuals. These include:

"Uniform Appraisal Standards for Federal Land Acquisition" (1973) prepared by the Interagency Land Acquisition Conference; for a copy of these standards refer to the OCD website (www.doa.state.la.us/cdbg/policy_manuals.htm) or contact Mr. Warren Gallaspy or Mr. Paul Catrou at (225)342-7412; and

"Government-wide appraisal standards contained in 49 CFR Part 24, published March 2, 1989 by the Department of Transportation, implementing appraisal provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended."

Both documents are applicable to the acquisition of real property. The Department of Transportation standards apply to 18 executive branch departments and agencies administering federal or federally assisted projects under the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. These agencies will continue to comply therewith. Other agencies, including those that administer Federal credit programs, have regulations and procedures covering appraisal activity.

The Federal Real Property Appraisal Standards also take into consideration those standards developed by regulatory financial agencies in response to Title XI, FIRREA. Standards developed by the financial regulatory agencies reference the "Uniform Standards of Professional Appraisal Practice" (USPAP) and include additional appraisal requirements.

The Appraisal Subcommittee, created by Title XI, FIRREA, has responsibility for monitoring requirements established by States for _____ and licensing of appraisers, and appraisal standards developed by the Federal financial institutions regulatory agencies. The Subcommittee is also responsible for monitoring and reviewing practices, procedures, activities, and organizational structure of the Appraisal Foundation.

Professional Standards

The original USPAP was developed in an ad hoc committee composed of representatives of major appraisal organizations. These standards were later copyrighted in 1987 by the non-profit Appraisal Foundation. The Appraisal Standards Board of the Appraisal Foundation adopted the original USPAP at its organizational meeting on January 10, 1989. Sections I-III of the Standards have been revised with the most recent revisions approved June 5, 1990.

USPAP represents standards developed by professional appraisal organizations. These standards are applicable to activities involving the act or process of estimating value. They provide guidance regarding appraiser competency, preparation and documentation of appraisal reports and performance of the appraisal review function. To maintain the highest level of professional appraisal practice, appraisers are required to observe these standards.

Appraisal standards adopted by the States will be in accordance with generally accepted standards issued by the Appraisal Standards Board (ASB) of the Appraisal Foundation. State licensed and certified appraisers will be required to meet these standards.

Qualification standards for appraisers are established by the Appraiser Qualifications Board, a separate and independent board within the Appraisal Foundation.

These standards and those contained in 49 CFR Part 24 are consistent with provisions of USPAP as they relate to the preparation of unbiased, written appraisal reports estimating market value. Any deviations in 49 CFR Part 24 are attributable to legal and regulatory requirements associated with public acquisition of private property. Agencies identified in the government wide regulation shall continue to comply therewith.

Code of Practice

Appraisers involved in preparing appraisals for Federal or Federally assisted programs shall observe high standards of honesty, integrity, and fairness in preparing written appraisal reports. Appraisers shall:

- Possess the knowledge and experience necessary to complete the appraisal assignment competently;
- Not accept an assignment in which payment for appraisal services is contingent on reaching a predetermined conclusion of value, or on the estimated value of the property interest;
- Not knowingly commit errors or withhold pertinent information that would affect the estimate of market value;
- Report conclusions of value in a manner that is meaningful and does not mislead the client, parties to the transaction, or the public;
- Apply realistic assumptions and valuation methods consistent with market information;
- Disclose any instructions or extraordinary assumptions that may affect the estimate of market value; and

- Cooperate with investigators and authorities in providing factual information regarding an appraisal assignment.

Definitions

Applicable law, agency regulations, and practice may require the use of definitions other than those set forth below.

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

Appraiser: An individual who is qualified under applicable requirements to prepare or review appraisals in conjunction with real estate related transactions.

Complex real estate related transaction: Any transaction identified by agencies requiring the services of a certified or equivalent level appraiser.

Agencies should take into consideration the following:

- (1) improved commercial or industrial properties;
- (2) rural properties where the intended use is for the production of agricultural income or products;
- (3) commercially valuable timber and mineral interests;
- (4) acquisition of private property under eminent
- (5) raw land with development potential; and
- (6) requirements for a detailed appraisal (49 CFR Part 24, Subpart B).

Market value: The most probable price in cash, or terms equivalent to cash, which a property should bring in a competitive and open market under all conditions requisite to a fair sale, namely, that the buyer and seller each act without obligation, prudently, and knowledgeably, and the price is not affected by undue stimulus.

Qualified appraiser: An individual who meets applicable requirements and is accepted, approved, or designated by the agency.

Real estate related transaction: Any transaction involving:

- (1) the sale, lease, purchase, investment in, or exchange of real property, including interests in property or the financing thereof;
- (2) the refinancing of real property of interests in real property; and
- (3) the use of real property or interests in property as security for a loan or investment, including mortgage-backed securities.

Review appraiser: A qualified appraiser or technically qualified individual designated to independently examine and evaluate an appraisal report for purposes of recommending, preparing, or approving an estimate of value.

State certified appraiser: Any individual who has satisfied the requirements for State certification or equivalent requirements in a State or territory whose criteria for a real estate appraiser currently meet the minimum criteria for certification issued by the Appraiser Qualification Board of the Appraisal Foundation.

State licensed appraiser: An individual who has satisfied the requirements for State licensing or equivalent requirements in a State or territory.

Appraiser Qualifications

Appraiser involved in real estate related transactions shall comply with applicable laws and requirements regarding appraiser qualifications. In those States not having State requirements, or where State laws governing the activities of appraisers have been found to be inadequate, agencies may implement standards consistent with those developed by the Appraisal Qualifications Board of the Appraisal Foundation.

In those States having State certification requirements, State certified appraisers shall be used for complex transactions identified by the agency. However, Federal agencies shall have discretion to establish qualification standards for its staff appraisers, including reviewing appraisers.

Appraisal Report Guidelines

Agency appraisal criteria should be consistent with USPAP and/or 24.103 of 49 CFR Part 24 and also with paragraph 5-3e HUD Handbook 1378, Tenant Assistance, Relocation and Real Property Acquisition. As necessary, agencies may establish appraisal standards in accordance with program specific objectives. Those standards may also include applicable provisions of USPAP.

Appraisal Review

Agency appraisal review criteria should be consistent with USPAP and/or 24.104 of 49 CFR Part 24 and also with paragraph 5-3e HUD Handbook 1378, Tenant Assistance, Relocation and Real Property Acquisition. Agency standards may include review appraisal provisions of the USPAP.

Review criteria for appraisals made in connection with direct or indirect loan transactions shall be consistent with the level of risk in the loan transactions and at a minimum shall provide for a volume and level of review adequate to identify levels of risk in the loan portfolio as well as a representative sample of individual transactions.

SAMPLE

INVITATION TO ACCOMPANY AN APPRAISER

September 27, 2004

Mrs. Elizabeth Richards
4143 Gus Young Avenue
West Linn, Louisiana 70801

Dear Mrs. Richards:

I have been requested by the City of West Linn to prepare an appraisal of your property on Gus Young Avenue. I will visit the property on October 4, 2004. If you wish to accompany me, please phone me at 331-4705 to arrange a mutually convenient time. If I do not hear from you by October 1, I will attempt to contact you by phone. If you do not make contact by October 3, I will assume that you do not wish to come with me when I go to inspect your property.

Sincerely,

Robert Baxter
Senior Appraiser

c: City Secretary
City of West Linn, Louisiana

**MUST BE SENT CERTIFIED/REGISTERED MAIL
RETURN RECEIPT REQUESTED**

SHORT APPRAISAL FORM FOR SERVITUDE TAKINGS

Project Name _____

Parcel Address _____

PROPERTY OWNER _____

ADDRESS _____

Owner invited to accompany Appraiser _____

Past Sales or Property (5 years) _____

Improvement to Property since last Sale _____

LOT: Zoning _____ Area _____ Sq. Ft. _____ Acres _____

Highest and Best Use of Property: BEFORE _____ AFTER _____

Assessed valuation: Land _____ Buildings _____ Total _____

Unlawful Usage or Violation of Codes and Ordinances _____

VALUATION: BEFORE AND AFTER VALUE ESTIMATES

1. BEFORE Property Value \$ _____

2. AFTER Property Value \$ _____

3. VALUE PART TAKEN AND DAMAGES, IF ANY . \$ _____

If damages to Property by reason of taking -- Explain _____

NOTE: Appraiser has summarized above data based on his investigation and appraisal of subject property. Full documentation for values assigned can be furnished upon request.

PHOTO OF PROPERTY

SKETCH OF PROPERTY
(Showing Part taken)

FINAL VALUE ESTIMATE IS:

LAND \$ _____ BUILDINGS \$ _____ TOTAL \$ _____

Date _____ Appraiser _____

Parcel or Tax Number _____ Address _____

REVIEW APPRAISAL REPORT

Project:	Appraisers Name(s)
	1. _____
Block No: _____ Parcel No.: _____	2. _____
Project Address: _____	Owner of Record _____
City, State, Zip Code: _____	
Type of Appraisals: _____ Fee Simple _____ Easement _____ Partial Take	
Property Type	Zoning
Restrictions if any:	

Date of Appraisal(s):	Was owner invited to accompany appraiser on the property inspection?
	_____ Yes _____ No

Did the Appraiser(s) comply with the appraisal contract?

1. _____ Yes _____ No	2. _____ Yes _____ No
--------------------------	--------------------------

	Appraiser No.1			Appraiser No.2		
	Yes	No	N/A	Yes	No	N/A
I. DESCRIPTION						
A. City Analysis Acceptable?	—	—	—	—	—	
B. Neighborhood Analysis Acceptable? (Location, % Buildup, Value Range Stated, Present/Proposed Land Uses, Trends, Occupancy, Employment, Distances to Shopping, Recreation, Fire and Police Protection)	—	—	—	—	—	
C. Acceptable Site Description	—	—	—	—	—	
D. Acceptable Improvements Description	—	—	—	—	—	
E. Acceptable Tax Information	—	—	—	—	—	
F. Acceptable Highest and Best Use Analysis	—	—	—	—	—	

		Appraiser No.1			Appraiser No.2		
		Yes	No	N/A	Yes	No	N/A
II. APPRAISAL PROCESS							
A. Direct Sales Comparison Approach							
1.	Is the comparable sales data complete, i.e., sales date, grantor grantee, comparable address, deed book and page no., sales price, complete description.	—	—	—	—	—	
2.	Is the adjustment analysis satisfactory?	—	—	—	—	—	
3.	Did the appraiser explain the reason for each adjustment and is this reasonable?	—	—	—	—	—	
4.	Is the market value reconciled correctly? (That is, no averaging and explanation is satisfactory.)	—	—	—	—	—	
B. Cost Approach							
1.	Did the appraiser provide adequate support for the land cost estimate?	—	—	—	—	—	
2.	Did the appraiser provide adequate support for the building cost estimate?	—	—	—	—	—	
3.	Did the appraiser use acceptable method of estimating accrued depreciation?	—	—	—	—	—	
4.	Were all forms of depreciation supported?	—	—	—	—	—	
5.	Is the Cost Approach Summary Acceptable?	—	—	—	—	—	
C. Gross Rent Multiplier Analysis (Residential Property)							
1.	Was the GRM properly developed by market supported rentals of recent sales?	—	—	—	—	—	

		Appraiser No.1			Appraiser No.2		
		Yes	No	N/A	Yes	No	N/A
2.	Is the market rent for the subject supported by market evidence?	—	—	—	—	—	
3.	Is the market value by Gross Rent Multiplier Analysis acceptable?	—	—	—	—	—	
D. Income Approach (Income Property)							
1.	Is the Gross Potential Income supported and <u>is it reasonable</u> ?	—	—	—	—	—	
2.	Is the Vacancy and Credit Loss Supported	—	—	—	—	—	
3.	Is other income included?	—	—	—	—	—	
4.	Is the Effective Gross Income acceptable?	—	—	—	—	—	
5.	Are all fixed and variable operating expenses included and are they reasonable?	—	—	—	—	—	
6.	Is the Net Operating Income acceptable?	—	—	—	—	—	
7.	Was the capitalization rate properly developed?	—	—	—	—	—	
8.	<u>Is it reasonable</u> ?	—	—	—	—	—	
9.	Is the capitalization value acceptable?	—	—	—	—	—	
If an approach was not used, was an acceptable explanation provided?		—	—	—	—	—	

RECONCILIATION AND FINAL VALUE ESTIMATE

A.	Did the appraiser adequately explain how final value estimate was selected and was the explanation reasonable?	—	—	—	—	—	
B.	Are all math computations correct?	—	—	—	—	—	

Signature of Reviewer

Title

Date

III. First corrections required to make appraisal reports adequate and acceptable including deficiencies not listed above).

Appraiser #1

Appraiser #2

IV. Reviewer's Recommendation of Fair Market Value \$

V. Explain the basis for the reviewer's recommendation of Fair Market Value (if there are two or more appraisals for each parcel, the reviewer should give a comparative analysis of each parcel, the reviewer should give a comparative analysis of each appraisal report, and his/her reasoning for accepting the appraised value of one of the appraisal reports).

VI. I hereby certify that I have inspected the subject property and the appraiser's comparable sales; that I have no interest in the property, either past, present, or contemplated; that except as noted, the appraisals are complete and technically acceptable; and that the appraisals meet the requirements of the Department of Housing and Urban Development, and of the appraiser's contracts.

Date: _____ Reviewer's Name & Title: _____

VII. It is recommended that the appraiser's fee of \$ _____

_____ Be Paid _____ Not be paid for the following reasons:

_____The reviewer recommends that the locality hire another appraiser to appraise this parcel.

SAMPLE

STATEMENT OF THE BASIS FOR THE DETERMINATION
OF JUST COMPENSATION

Description and Location of Property

The City of West Linn proposes to purchase land and improvements on Gus Young Avenue (Lot 8, Square 6, Palmer Extension) from owner Elizabeth Richardson at 134 Gus Young Avenue, West Linn, Louisiana. It is a single-family residential unit which conforms to zoning, present use, surrounding land use, and area trends.

Purpose of Purchase

The City of West Linn intends to use the whole parcel for the construction of an addition to the Eden Park Community Service Center.

Improvements

It is a one-story single-family residence of wood frame construction with concrete foundation, stucco siding, a tar and gravel roof and aluminum gutters and downspouts.

It contains a living room, kitchen, center hall, two bedrooms and one bath.

The kitchen has counters and painted wood cabinets. There are no built in appliances.

Heat is gas-fired, forced air from Atlas, 120,000 BTU furnace.

The house is 25 years old. Design is good. Maintenance is poor.

Declaration of Offer

Based on the two appraisals, the City of West Linn hereby makes you an offer in the amount of \$32,500.00 for the purchase of your property. This offer is for the fair market value of your property and does not include any consideration of decrease or increase in value attributable to the project for which it is being acquired. It reflects no relocation payments which the owner/tenant may be entitled to receive under the Louisiana Community Development Block Grant Regulations.

Definition of Fair Market Value

"Fair Market Value is the highest price estimated in terms of money which the property would bring if exposed for sale in the open market, allowing a reasonable time in which to find a purchaser buying with knowledge of all the uses and purposes for which it is adapted and for which it is capable of being used."

Appraisal Techniques

Two major techniques, cost approach and market data approach, were utilized to determine the fair market value of this property.

Cost Approach

Land:

To estimate the value of the land, as if unimproved, the market was searched for vacant land sales which might throw some light on the value of subject land.

Estimated Replacement Cost:

To estimate the cost of replacing the home minus depreciation based on age and observed condition, 20 percent.

Total by Cost Approach \$32,500.00

Market Data

To estimate the value of the property by this approach, the market was searched for sales of properties in the area which might throw some light on the value of subject property by comparison.

After adjusting these sales, approximately six comparable properties, for time and points of difference, the indicated value of subject property, by comparison, is \$32,100 - \$33,000.

Signature of Authorizing Official

Date

MUST BE SENT CERTIFIED/REGISTERED MAIL
RETURN RECEIPT REQUESTED

SAMPLE

D-8

WRITTEN OFFER TO PURCHASE

November 25, 2007

Mrs. Elizabeth Richardson
4134 Gus Young Avenue
West Linn, Louisiana 00000

Dear Mrs. Richardson:

This will introduce to you Mr. Bob Adams, who represents the City of West Linn, Louisiana, in the capacity of Right-of-Way Agent and who will discuss with you the acquisition by the City of the property which our records indicate is owned by Elizabeth Richardson. This property is required for construction of the proposed addition to Eden Park Community Service Center.

We have had the property appraised by a competent and unbiased fee appraiser and this report has been thoroughly analyzed by a competent review appraisal analyst and found to be well supported. Based on the appraisal and review, the City hereby makes you a firm offer in the amount of \$32,500 for the purchase of your property.

We feel that the above offer is most equitable and we urge your favorable consideration and acceptance of it. If this meets with your approval, Mr. Adams will assist in any way convenient to you in finalizing the acquisition. Negotiations for the purchase of your property begin November 25, 2007.

Thank you very much for your cooperation and favorable consideration of this offer.

Very truly yours,

Deron Troy
Mayor

Enclosure: Statement of the Basis for the Determination of Just Compensation.

MUST BE SENT CERTIFIED/REGISTERED MAIL RETURN RECEIPT REQUESTED

If a preliminary acquisition notice is not sent, be sure and reference in the letter and include a copy of the brochure, "When a Public Agency Acquire your Property".

SAMPLE

STATEMENT OF SETTLEMENT COSTS

Owner _____

Identification of Property _____

Purchase Price \$ _____

Expenses Incidental to Transfer of Title	Paid by City	Paid by Owner	Total
1. Recording Fees			
2. Transfer Taxes			
3. Revenue Tax Stamp			
4. City/County Tax Stamps			
5. Survey and Legal Description			
6. Penalty Costs Associated with Prepayment of Pre- existing Recorded Mortgages			
7. Pro Rate Portion of Prepaid Taxes and Public Service Charges:			
a. Real Property Taxes - County			
b. Real Property Taxes - City			
c. Water Service			
d. Sewage Service			
e. Trash Collection _____			
TOTAL	\$	\$	

This statement of settlement costs is certified as true and correct.

Signed: _____

Date _____

Closing Official

Date _____

PROPERTY AND/OR SERVITUDE ACQUISITION WAIVER

I, _____, state that I have been approached by a representative of the community of _____ (herein known as the Agency) who has informed me of the Agency's intent to obtain a servitude across certain property-(ties) owned by me or obtain a certain parcel of property-(ties) owned by me.

1. I hereby acknowledge that said representative has explained to me the legal boundaries as they are set forth in the Exhibit(s) attached to this document.

The representative of said agency has further advised me of my rights under the Uniform Relocation and Real Property Acquisition Policies Act of 1970 as implemented in HUD Handbook 1378 which requires the following:

- a. That I have received the HUD brochure. "When a Public Agency Acquires Your Property."
- b. That I have the RIGHT to have a formal appraisal of the property to be acquired by the Agency prepared by an independent professional appraiser. I understand that I am entitled to receive no less than the FAIR MARKET \$ VALUE of the property as established by the appraisal.
- c. That if I choose to have an appraisal, I have a RIGHT to accompany the appraiser who prepares such appraisal when he inspects my property and that I am entitled to a written notice called an "Invitation to Accompany the Appraiser" stating the time and date on which the appraiser will examine my property and that this written document must be delivered to me by certified mail.
- d. That if I choose to have an appraisal, I have the RIGHT to a written Purchase Offer that states the amount of money said agency will pay me for this servitude or property and that this written Purchase offer must be delivered to me by certified mail.
- e. That if I choose to have an appraisal, I have the RIGHT to a written Statement of the Basis of Just Compensation which explains in detail the basis of the amount offered to me by said Agency for said servitude or property, and that this document must be delivered to me by certified mail.

2. I acknowledge that the rights listed above in Section 1 have been explained to me in detail by a representative of the Agency and that I waive these rights and agree to donate to the Agency a servitude or parcel of property which boundaries are described in the Exhibit(s) attached to this document.

IN WITNESS WHEREOF, I have signed this document as my free and voluntary act this _____ day of _____, 20 ____.

Landowner

Witness: Name and Title of Community
Official or Staff

STATE OF LOUISIANA
PARISH OF _____

Signed and acknowledged before me this _____ day of _____,
20 __ by _____, and his/her free and voluntary act and deed.

Notary Public

My Commission expires _____, 20 _____.

SAMPLE

NOTICE OF INTENT NOT TO ACQUIRE

December 20, 2004

Mr. Wade Breaux
4150 Gus Young Avenue
West Linn, Louisiana 00000

Dear Mr. Wade Breaux,

The City of West Linn has determined not to acquire your Fourth Street property. Any person moving from the premises from the date of this notice will not be eligible for relocation payment or benefits.

Sincerely,

Deron Troy
Mayor

c: Mrs. Julia Mastus, Tenant

MUST BE SENT CERTIFIED/REGISTERED MAIL RETURN RECEIPT REQUESTED

VOLUNTARY ACQUISITION POLICY

On _____, the _____ passed Resolution _____, to establish a Voluntary Acquisition Policy for _____. The Policy Statement implements that Resolution. It will be published in the _____ to acquaint the citizens of this new policy.

Voluntary Acquisition shall be permitted if the property being acquired is not site specific and at least two properties in the community meet the criteria established by the _____ for the property or interest to be acquired. All voluntary acquisitions must be approved by _____ in principal prior to publication of a public notice or attendance at a property auction.

The _____ must publish a public notice inviting offers from property owners. This notice must:

1. accurately describe the type, size, and location of the property it wishes to acquire;
2. describe the purpose of the sale;
3. specify all terms and conditions of the sale, including a maximum price;
4. indicate whether or not an owner/occupant must waive relocation benefits as a condition of the sale;
5. announce a time and place for receipt of offers; and
6. announce that the _____ shall not invoke its powers of condemnation to secure any property offered if a mutually satisfactory sale is not concluded, in order to acquire the property for the same purpose.

The _____ may also acquire property at public auction.

REAL PROPERTY ACQUISITION CHECKLIST

(A separate file for each parcel acquired)

1. Title Search/Clearance of Title _____
2. If Applicable, Preliminary Acquisition Notice and Evidence of Receipt _____
3. If Applicable, Evidence of Invitation to Accompany Appraiser and Evidence of Receipt _____
4. Appraisal Report or Valuation _____
5. If Applicable, Review Appraisal Report _____
6. If Applicable, Written Statement of Just Compensation, and; _____
7. Written Offer to Purchase and Evidence of Receipt _____
8. Contract of Sale _____
9. Statement of Settlement Cost _____
10. Receipt for Purchase Price and Copies of Canceled Checks _____
11. Waiver, if a Donation _____
12. If Acquisition is Terminated, Notice of Intent Not to Acquire _____
13. If Expropriation, Seven Days Notice (State law requires a substantially longer notice period) _____
14. If Expropriation, a Court Judgement _____