

**REVIEW REPORT**

re: FMV X-XXXX

Project #:		Project Code:		LPA - Yes/No:		P or N:		Region #:	
Parcel(s) #:				Property Owner:					
Appraiser(s):	Appraiser who prepared the report under review			Date of Value:					
Staff or Fee	Is appraiser CDOT or Local Agency staff, or fee apprsr			Date of Appraisal Report:					
City:	City where the appraiser is based								
Review Appraiser:		Staff or Fee		Date of Review Report	Suggest use date you sign review report				

**Edit any section below as necessary to the Review Assignment AND BLANK OUT THIS NOTE**

**Identity of Client and Intended Users:** The client of this appraisal review report is the Colorado Department of Transportation (CDOT). Intended users are CDOT ROW Units and the Office of the Attorney General if litigation is involved.

**Intended Use:** The intended use of this review report is to present and explain the reviewer’s conclusion about whether the appraisal report reviewed may be: 1) **Recommended**, or 2) **Accepted**, or 3) **Not Accepted** as the basis for the establishment of the amount believed to be Fair Market Value and Just Compensation for acquisition of right of way.

**Purpose of the Appraisal Review:** The purpose of this appraisal review is to form an opinion as to whether the appraisal report reviewed may be: 1) **Recommended**, or 2) **Accepted**, or 3) **Not Accepted** as the basis for the establishment of Fair Market Value and Just Compensation for the identified property acquisition parcels, including compensable damages and/or offsetting special benefits, if any, to the residue of the subject property. Further, the appraisal reviewed is evaluated for compliance, conformity and consistency with relevant parts of: the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act); 49 CFR Part 24.103-105; state statutes 38-1-101 et. seq. and 24-56-101 et. seq. C.R.S.; CDOT ROW Manual Chapter 3; Uniform Appraisal Standards for Federal Land Acquisitions (“Yellow Book”); appropriate state laws, regulations, policies and procedures applicable to appraisal of right-of-way; and the Uniform Standards of Professional Appraisal Practice (USPAP).

**Property Rights Appraised:** **modify the following appropriate to the work under review AND DELETE THIS NOTE** The property interests appraised in the appraisal report reviewed are Fee Simple Estate (Title) and the acquisition parcel property rights listed above. The property is appraised “as if free and clear” of all liens, bond assessments, and indebtedness, but subject to existing easements, covenants, deed restrictions, rights-of-way of record, and excepting therefrom all rights to oil, natural gas, or other mineral resources beneath such real property. The mineral interest exception is an assignment condition.

**Extraordinary Assumptions - Reviewer:** None **(OR edit to disclose any EA adopted by the reviewer as part of the review assignment and then state that this might have affected review assignment results - DELETE THIS NOTE)**

**Hypothetical Conditions - Reviewer:** None **(OR edit to disclose any HYPO adopted by the reviewer in this review assignment and then state that the HYPO might have affected review assignment results - DELETE THIS NOTE)**

**Review Scope of Work**

*(Check all that apply)*

- The appraisal review assignment and Scope of Work did not include developing my own value opinion or concurring with the value opinion concluded in the appraisal report reviewed.
- Extraordinary Assumptions and/or Hypothetical Conditions described in the appraisal report were reviewed.
- Subject property was inspected:  Inside  Field inspection  Internet/Other Inspection Date(s):
- Land Sale Comps were inspected:  Field Inspection  Internet/Other Inspection Date(s):
- Improved Sale Comps were inspected:  Inside  Field Inspection  Internet/Other Inspection Date(s):
- Lease Comps were inspected:  Inside  Field Inspection  Internet/Other Inspection Date(s):
- Mathematical calculations pertinent to the appraisal process and conclusions were checked for accuracy.
- Factual and descriptive information in the appraisal was reviewed and cross-checked against available information provided by or obtained from some or all of the following sources: CDOT and/or Local Public Agency, county assessors’ offices, real estate listing services and brokerage offices, land use/zoning/planning departments, transportation/traffic departments, other city/county/state/federal agencies, and internet website sources.
- All descriptive information, all appraisal analyses made and valuation methodologies employed, all appraisal processes made in the report, and the reconciliation processes used to reach the appraisal conclusions in the report were reviewed for completeness, accuracy, adequacy, relevance and reasonableness.
- The reviewer independently researched and analyzed additional information about the subject property appraised.
- The reviewer independently researched additional market information relevant to the appraised property. This information may have included other comparable sales or leases or similar data, and/or data related to larger parcel or highest and best use analyses, and/or data related to other aspects of the appraisal report reviewed.
- The reviewer independently confirmed comparable sales and/or leases and/or similar information in the appraisal report.
- DELETE THIS ROW OR** Describe other Scope of Work aspects here or relocate this row above as needed.
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- DELETE THIS ROW OR** Describe other Scope of Work aspects here or relocate this row above as needed.

**Reviewer’s Conclusions**

*(Check all that apply)*

- Extraordinary Assumptions and/or Hypothetical Conditions described in the appraisal report were found appropriate to the assignment and were adequately and correctly employed in the appraisal.
- The appraisal report included one or more of the three commonly accepted appraisal methodologies which the reviewer concludes were appropriate to the assignment: Sales Comparison Approach, Cost Approach, Income Approach.
- The exclusion of any of the three appraisal approaches noted above is adequately explained and appropriate.
- The subject larger parcel, and the residue parcel in a partial right-of-way acquisition, is appropriately described and defined as necessary to the assignment.
- The subject’s highest and best use, both in the “before condition” and “after condition” as appropriate, is properly developed and adequate to the assignment (considering also the timing of such use and the likely buyer).
- The appraisal approaches applied - Sales Comparison and/or Cost Approach and/or Income Approach or other specialty approaches as appropriate - are properly developed and concluded as sufficiently complete, accurate, adequate, relevant and reasonable in their presentation and conclusions.
- The reconciliation of appraisal analyses and valuation data and indicators in the appraisal report, and the final value reconciliation and compensation conclusions, are properly developed and analyzed and are sufficiently complete, accurate, adequate, relevant and reasonable in their presentation and conclusions.
- DELETE THIS ROW OR** Explain disagreement with any aspects of the report here or elsewhere and add boxes as needed.
- DELETE THIS ROW OR** Describe other review conclusions or modify the above conclusions as appropriate.
- DELETE THIS ROW OR** Describe other review conclusions or modify the above conclusions as appropriate.
- Summary Conclusion:** The appraisal report is **RECOMMENDED** as Basis for FMV. ... is **ACCEPTED** (see p. 2). ... is **NOT ACCEPTED** (see p. 2).

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

- the determination about whether the appraisal report reviewed is RECOMMENDED, ACCEPTED or NOT ACCEPTED as the basis for the Agency's conclusion of Fair Market Value and Just Compensation for the proposed right-of-way acquisition has been reached independently by me without collaboration or direction.
- the statements of fact contained in this review report are true and correct.
- the reported analyses, opinions, and conclusions in this review report are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no (or describe otherwise) present or prospective interest in the property that is the subject of the work under review and no (or describe otherwise) personal interest with respect to the parties involved.
- I have performed no (or describe otherwise) other services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review report or from its use.
- my compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favor the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
- my analyses, opinions, and conclusions were developed and this review report was prepared in conformity with 49 CFR §24.104 and Appendix A to §24.104, and the *Uniform Standards of Professional Appraisal Practice*.
- unless otherwise stated, the Review Appraiser agrees with the identification or listing of any buildings, structures, and other improvements on the land, as well as fixtures and appurtenances which the appraiser considered to be part of the real property to be acquired. The Fair Market Value does not include items ineligible for federal reimbursement, except such as may be compensable under Colorado law. To the best of my knowledge, no portion of the value that might be assigned to property improvements identified in the appraisal report reviewed includes items that are non-compensable under Colorado law.
- I understand that if a Fair Market Value is recommended as the basis for compensation, it may be used in connection with a federal-aid transportation project.
- I have (or have not) made a personal inspection of the subject of the work under review. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the subject property of the work under review. If none other, delete this note)
- no one provided significant appraisal, appraisal review, or appraisal consulting assistance to the person signing this certification. (If there are exceptions, the name of each individual(s) providing appraisal, appraisal review, or appraisal consulting assistance must be stated. If none other, delete this note)
- {If required by any professional organization you are a member of, insert any other certification statement OR DELETE.}
- {Add other certifications as appropriate here or elsewhere above and reorganize as appropriate, OR DELETE.}

Based upon my independent review and exercise of my professional judgment, the reviewed appraisal is:

- RECOMMENDED**  
I recommend that the estimated compensation of \$xxxxxxx developed in the reviewed appraisal be approved, as summarized below:  

Land and Improvements + Easements/Temporary Easements	= \$xxxxxxx
+ Compensable Damages/Cost-to-Cure Damages	+
- (less) Offsetting Special Benefits	- (_____)
	= \$xxxxxxx
- ACCEPTED**  
Meets all or most appraisal requirements for the assignment, but not to the degree appropriate to recommend the appraisal report as basis for FMV, possibly and particularly in comparison to one or more other appraisal reports reviewed for the same purpose as stated in this review report.
- NOT ACCEPTED**  
Does not meet most or sufficient basic requirements for the appraisal assignment, possibly including serious flaws in methodology and/or analyses, calculations, adjustments, valuation processes, reconciliation or other problems.

\_\_\_\_\_  
Colorado Certified General Appraiser #CGxxxxxxx

Date of Appraisal Review Report:

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Instruction: READ AND THEN DELETE THIS NOTE. Notes in red below are instructional, not boilerplate. When the reviewer is making an FMV decision based on comparison of one appraisal report against another, the model below is provided as an example for writing this portion of the Review Report. It might also be modified for use in writing about the review of just a single appraisal report when there is none other to compare against, however, in that situation the preceding 2-page template is designed to handle such review without having to write additional pages such as these.

**BELOW IS AN EXAMPLE ONLY - EXACT FORMAT NOT REQUIRED - DELETE THIS NOTE**

**Appraisal Review Memo**

- Two appraisals have been submitted on this property, one by CDOT or name other Agency (by Tom Smith, MAI) and one by the property owner (by John Lang, ARA, Lang & Co., Berthoud). It's helpful for the reader to know up front who did the appraisals and where they are based (might go to market area knowledge). Listing appraisal designations may inform to qualifications.
- Brief description of the acquisition parcels. The property acquisition is a total take of a 2-unit, 9,000-SF retail building on a 1.1-AC site (47,916 SF). Or the property acquisition is a partial taking of a narrow land strip along a commercial pad site improved with a 3,000-SF retail store on Happy Boulevard. The acquisition also includes a PE for drainage improvements and TEs for construction work areas. It isn't necessary to list all the taking parcel numbers here. That can go in the table on p. 4.
- If neither appraiser concluded compensable damages or offsetting specific benefits to the remainder, say so here. This removes such matters as a point of question that will not require any further discussion. You also can use this bullet to note that both appraisers conclude no improvements are affected by the taking. Otherwise delete this bullet and address damages/benefits etc. in table below. Neither appraiser concluded compensable damages or offsetting specific benefits to the remainder property. Or both appraisers conclude that none of the improvements are affected by the takings.
- The appraisal conclusions are summarized below:

This side x side Table Format is not required but might be useful to compare key differences between an Agency and Owner appraisal reports under review.

APPRAISAL: Key Issues	CDOT Report or "Denver" or County name etc	Owner Report
Condition of the Improvements  This heading here and those below are just examples. The reviewer can discuss as many or as few issues as pertinent to the review. Areas of fair agreement between the two appraisals probably don't need side x side discussion or comparison.	pp. xx-xx It is helpful to provide the acquisition agent or other reader the page numbers in the appraisal report where they will find these discussion items.  The building is described as in Good Condition, with no structural issues or other concerns, except in need of paint...	pp. xx-xx  The building is described as in Average-Fair condition. The roof is 30 years old and leaks in several places and needs to be replaced.
Flood Zone (100-year)	see p. xx  Describes subject as part in Water Creek floodway and "substantially" in 100-year flood zone, base elevations determined. Usually not feasible to...	see pp. xx-xx  Describes subject as "substantially" in the "AE" 100-year flood zone (base elevations determined) and...
Larger Parcel	see pp. xx and xx  Appraiser describes the two adjoining parcels Lots 1 and 2 as one combined Larger Parcel.	see pp. xx  The larger parcel is described as Lot 1 only, while Lot 2 is described as a separate salable lot not affected by the Total Taking of Lot 1 and not appraised.
Building Status	see p. xx  Retail building is described as structurally sound but vandalized and damaged .... The building is "in poor condition"	see pp. xx-xx  Retail building is described as "shell" structure stripped of interior finish and the HVAC equipment removed. As a "shell" building, conversion ..."
Highest and Best Use as Vacant	see pp. xx-xx  Hold the land as vacant for investment (future commercial development implied)	see pp. xx-xx  Public use for open space, park or similar. This conclusion is due to the subject's flood plain impact...
Highest and Best Use as Improved	see pp. xx-xx  Extensive analysis to conclude it is not financially feasible to restore decrepit and vandalized building to retail use.  Most profitable use lies in the site as if vacant and available for future retail ...	see pp. xx-xx  It is not feasible to demolish retail building due to cost + cost to raise underlying land out of flood ...  Feasible alternative is to ...
Other categories as are useful etc.		

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Compensation Element	CDOT Report or "Denver" or County name etc	Owner Report
RW-1 RW-1A RW-1B  Land Value  Unit Basis: per SF/AC/Lot/Etc.	see pp. xx-xx  RW-1 = x,000 SF x \$x.00 = \$x,000 or RW-1A = One residential lot x \$x,000 = \$x,000 or RW-1B = 5 AC x \$x,000 = \$x,000 or etc. etc. Total Land Value = \$x,000 (adopted CDOT land area)	Land value not separately appraised  <b>If either appraiser did not estimate land value separately, note whether this is appropriate within the necessary Scope of Work for the assignment. Land valuation might not be required by the client, but still necessary, or might not be necessary but nonetheless required by the client.</b>
PE-1 or RE-1 or SE-1 etc.  Easements	see pp. xx-xx  Easement allocation estimated at xx%  PE-1 = 1,000 SF x \$5.00 x 0.xx = \$x,xxx SE-1 = 2,000 SF \$5.00 x 0.xx = \$ xxx  Total Easement Value = \$x,000	see pp. xx-xx  Easement allocation estimated at xx%  PE-1 = 1,000 SF x \$5.00 x 0.xx = \$x,xxx SE-1 = 2,000 SF \$5.00 x 0.xx = \$ xxx  Total Easement Value = \$x,000
RW-1  <u>Building Area Assumptions</u> <b>Example</b> Retail Building Warehouse	see pp. xx-xx  Retail @ 88%: 8,000 SF Warehouse @ 12%: 1,091 SF Total Building Area: 9,091 SF (Adopted Assessor's Areas)	see pp. xx-xx  Retail: 7,553 SF Warehouse: 1,168 SF Total Building Area: 8,721 SF (Appraiser's Measurements)
RW-1  <u>Affected Site Improvements</u>  Sprinklered landscaping On-premise sign Light standards <b>If it is a total take or for other reason, the site improvement values don't have to be broken out here.</b>	see pp. xx-xx  <u>Contributory Value</u>  Landscaping 1,000 SF x \$x.xx = \$x,xxx On-premise sign (10 x 8) @ \$x,xxx = \$x,xxx <u>Light standards 3 x \$xxx = \$x,xxx</u>  Total Affected Site Improvements = \$xx,xxx	see pp. xx-xx  <u>Contributory Value</u>  Landscaping 1,000 SF x \$x.xx = \$x,xxx On-premise sign (appraiser did not value) <u>Light standards 3 x \$xxx = \$x,xxx</u>  Total Affected Site Improvements = \$xx,xxx
Cost Approach:  Land Value + Contributory value of improvements	Not applied  <b>If either appraiser did not employ the Cost Approach, note whether this is appropriate within the necessary Scope of Work for the assignment.</b>	see pp. xx-xx  Improvements at Contributory Value  Land = \$xxx,xxx + Retail Building \$xxx,xxx <u>Warehouse \$xx,xxx</u> Total = \$xxx,xxx  Cost Approach Value Conclusion = \$xxx,xxx
Sales Comparison Approach	see pp. xx-xx  9,091-SF Retail Bldg x \$xx.xx = \$xxx,xxx <u>2,000-SF Warehouse Shell x \$xx.xx = \$ xx,xxx</u> Total = \$xxx,xxx  Sales Approach Value Conclusion \$xxx,xxx	see pp. xx-xx  8,721-SF Retail Bldg x \$xx.xx = \$xxx,xxx <u>2,000-SF Warehouse x \$x.xx = \$ xx,xxx</u> Total = \$xxx,xxx  Sales Approach Value Conclusion \$xxx,xxx
Income Approach	see pp. xx-xx  NOI = \$xx,xxx Cap Rate = x.x% Capitalized Value = \$xxx,xxx  Income Approach Value Conclusion \$xxx,xxx	see pp. xx-xx  NOI = \$xx,xxx Cap Rate = x.x% Capitalized Value = \$xxx,xxx  Income Approach Value Conclusion \$xxx,xxx
Compensable Damages	\$xx,xxx  <b>Describe compensable damages, including whether cost-to-cure or market damages</b>	None concluded
Special Benefits (Offsetting)	None concluded	see pp. xx-xx  less (\$xx,xxx) <b>Describe offsetting special benefits. Special benefits can offset 100% of damages and/or up to 50% of value of parts taken.</b>
<b>Total Compensation Conclusion</b>	<b>CDOT Report or "Denver" or County name etc</b>  \$xxx,xxx	<b>Owner Report</b>  \$xxx,xxx

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- **Compensation Comparisons:** The owner’s total compensation estimate for the proposed acquisition is \$xxx,xxx. CDOT’s estimate is \$xxx,xxx. The owner’s compensation conclusion is \$xx,xxx higher/lower than CDOT’s, or x% higher/lower. CDOT concludes \$x.xx SF value for the larger parcel land and part taken. The owner concludes \$x.xx SF for the same. **Provide the reader the gross dollar amount and % amount difference between the Agency appraisal and Owner appraisal (the owner report is x% higher or x% lower than the Agency report). Provide brief overview explanation of key points causing the difference as you may have outlined on p. 3 of this format. Expand on same below as needed:**

**Appraisal Issues (see preceding comparative table)**

These are examples and match the subheads in the comparative table above. **This is just a model and not required.**

- **Condition of the Improvements:** The building improvements are in great shape etc. The building improvements are in poor shape etc.
- **Flood Zone (100-year):** The owner reports that x feet of compacted fill and other possible site work would be necessary to redevelop the site under current flood zone regulations, and that the cost to demolish the building and do this work would be prohibitive. No cost estimate is provided. CDOT survey staff report that, first; the pertinent FEMA map can’t be relied on for accurate base flood elevations for the subject, and, second; the subject’s ground level elevation ...
- **Larger Parcel:** The owner’s appraiser defines the Larger Parcel as only Lot 1 of the two adjoining lots (1 and 2) owned by the owner, due to differences in use. The Agency’s appraiser concludes that both adjoining lots combine to form a single larger parcel, as the appraiser finds the uses made of the two lots interrelated and similar. The taking is only of Lot 1 in its entirety, while there is no taking of any property right from Lot 2.
- **Building Status:** The owner describes the building as a shell structure, and certainly some work was evident in the building to convert units into storage spaces or some similar use, ...
- **Highest and Best Use As Vacant and/or As Improved:** The owner’s highest and best use conclusion for adaptive reuse and conversion of the property into mini-storage or similar use is not convincing. It presumes ...
- **Cost Approach (p. xx):** This is flawed in several respects as previously noted.
  - 1) Cost new basis should be ...
  - 2) If using retail building RCN, then the functional and external obsolescence ...
  - 3) The appraiser does not deduct the \$xx,xxx asbestos abatement cost from the depreciated value of the improvements. No reason is ...

**Summary Review Conclusion Summarize your overall and final review conclusions about the appraisal reports reviewed and which is the most appropriate as basis for the FMV or a Revised FMV**

The owner’s appraisal is in parts overly presumptive, insufficiently supported and, in the Cost Approach, applied in a manner that raises questions about the cost bases and/or depreciation and proper expense deductions. Other analyses of the owner’s appraisal information and data suggest its conclusions should much more closely align ... CDOT’s/The owner’s appraisal is well supported in its conclusions throughout, while the CDOT/owner appraisal does not convincingly provide a basis for revising the FMV. Without further clarification of some of the CDOT/owner’s appraisal information and analysis, the owner’s/CDOT’s appraisal remains the strongest basis for the FMV.

The FMV is not revised OR the FMV is revised to adopt the owners’ appraisal report as Recommended as basis for the FMV.

John Smith, CCIM  
 Appraisal and Review  
 Real Estate Services Unit  
 CDOT Region X

Edit reviewer name/title etc. information as appropriate