APPRAISAL REQUIREMENTS AND INSTRUCTIONS
For
Lands acquired with Illinois Department of Natural Resources (IDNR) grant assistance

General Instructions / Requirements

A Complete, Self-Contained or Summary narrative appraisal report, prepared in accordance with the attached Specifications for Analytical Narrative Appraisal Report, is required for each separate parcel having a value estimate over $25,000. Restricted Use reports are NOT acceptable. At the sole discretion of the DNR review appraiser, a second appraisal may be requested if deemed necessary to properly substantiate a parcels value.

Two Complete, Self-Contained or Summary narrative appraisal reports are required for all parcels that involve a seller donation totaling 50% or more of the lands anticipated fair market value unless otherwise waived by the IDNR.

Limited, Self-Contained or Summary narrative appraisal reports may be used for parcels with a value estimate less than $25,000 provided the parcels are either unimproved, the improvements contribute no value to the property, or are vacant residential lots in a platted subdivision. A properly documented Limited, Restricted Use appraisal may ONLY be accepted for parcels having an estimated value of less than $5,000.

Required appraisal reports must be prepared by a qualified licensed appraiser approved by the Illinois Department of Natural Resources (see cover letter accompanied these instructions).

Advise your hired appraiser(s) how the land being appraised will be acquired (i.e. with federal and/or state grant assistance). Each required appraisal report MUST be prepared in full accordance with the attached specifications and submitted to the Illinois DNR for review. The local sponsor=s appraiser will be responsible for providing any delinquent or supplemental information that may be necessary for compliance with the attached specifications and/or to accurately determine the market value of the project property.

Please note: It is mandatory that the appraiser contact the Department’s Division of Realty review appraisers at 217/782/7940 to discuss the project before the appraisal is started.

Documents for Appraiser

Provide your appraiser(s) with the following:

- copies of the attached Preface to Appraisal Specifications
- Specifications for Analytical Narrative Appraisal Reports, and
- the Appraisal Checklist.

These documents MUST be utilized in preparing the appraisal reports(s) and all information specified therein must be included. Retain a copy of the Preface, Specifications and Checklist for your own internal review of the appraisal report(s). An internal review of each appraisal report must be completed by your agency prior to submitting the report(s) to the DNR for review.
Note: for partial takes or partial grant assistance. If the parcel is part of a larger total holding, the legal description of both the total holding and the part to be acquired must be given to the appraiser. If the total holding is to be acquired, but only a portion is to receive grant assistance, a separate value must be established for the part that is to receive the grant assistance.

A current Commitment for Title Insurance showing your agency as the proposed insured MUST BE purchased from a title insurance company and given to the appraiser prior to the commencement of work on the report. This is to determine any restrictions placed on the rights of the property to be transferred. A determination of the property’s value involves full consideration of the rights remaining with the property and, where appropriate, the effect the loss of any of these rights has on its value. Appraisals MUST BE based on the economic highest and best use of the property. Appraisals based on a non-economic use ARE NOT acceptable. When an appropriately determined highest and best use is affected by a deed restriction, exception, or easement, the appraisal must consider such an effect on the property value.

Note: An updated Title Insurance Policy, showing fee simple title vested in your agency and insured to the full value of the property, will be required after property acquisition and before grant reimbursement can be provided.

Submittal to the Illinois Department of Natural Resources

Submit one original copy of the appraisal report(s) to the DNR for review after your internal review has been completed. A cover letter should accompany the report(s) that states the following:

The appraisal has been reviewed by your agency, using the instructions and checklist provided and certifying that all required information is included to the best of your knowledge.

The value of the property, as determined by the appraisal, and the appraisal itself, are acceptable to your agency.

Illinois DNR Appraisal Review & Certification of Market Value

Once the appraisal(s) has/have been reviewed by the DNR and found to be prepared and documented in accordance with the enclosed Specifications for Analytical Narrative Report, the fair market value established therein for the property will be approved by the DNR for grant cost-sharing.

Questions regarding appraisal requirements or approval of property market value by the Department should be directed to the DNR grant administrator for the project at 217/782-7481.
PREFACE TO APPRAISAL SPECIFICATIONS

(For the appraiser)

Please note: It is mandatory that the appraiser contact the Department’s Division of Realty review appraisers at 217/782/7940 to discuss the project before the appraisal is started.

# The land being appraised will be acquired with state or federal funding assistance provided through the Illinois Department of Natural Resources. Therefore, ALL appraisals must conform to EITHER the most current Uniform Standards of Professional Appraisal Practice (USPAP) or the most current Uniform Appraisal Standards for Federal Land Acquisitions whichever is applicable. In other words, if it is solely a state-funded acquisition, follow the USPAP standards. If the acquisition involves any type of federal funding, follow the federal standards (often referred to as the Ayellow book®). Contact the Illinois Department of Natural Resources if you are unsure which appraisal standards apply.

# Appraisals must be prepared in full accordance with the attached Specifications for Analytical Narrative Appraisal Reports and the Appraisal Checklist adopted from the Uniform Appraisal Standards for Federal Land Acquisition. These standards must be utilized in preparing the appraisal report and ALL information specified therein, must be included.

# The Appraisal Checklist MUST be bound into the appraisal when it is returned to your client. You are to initial each specified item to signify that it is contained in the appraisal report.

# Prior to initiating the appraisal, your client will advise you of the legal description of the property to be acquired. If the parcel is a part of a larger total holding, the legal description of both the total holding and the part to be acquired must be provided to you. If the total holding is to be acquired by your client, but only a portion is to receive State or federal funding assistance, a separate value must be established for the part that is to receive the State/federal funding assistance (your client will advise you if this situation applies).

# In order to determine any restrictions placed on the property, your client must provide you with a current Commitment for Title Insurance prior to initiating the appraisal. This Commitment should advise you of any restrictions placed on the rights of the property to be transferred so that the determination of the property's value involves full consideration of the rights remaining with the property and, where appropriate, the effect the loss of any of these rights has on its value. Appraisals are to be based on the economic Highest and Best Use of the property. When an appropriately determined Highest and Best Use is affected by a deed restriction, exception of easement, the appraisal must consider such an effect on the property's value.

# Return the completed appraisal(s) to your client who will then forward it (them) to the Illinois Department of Natural Resources for review.
side or that property directly opposite. When a large number of buildings are involved, including duplicates, one picture may be used for each type. Views of the best comparables should be included whenever possible. Except for the overall view, photographs may be bound as pages facing the discussion or description which the photographs concern. All photographs must be a minimum of 3 x 5 inches in size, include captions and be in color.

5. **Statement of Limiting Conditions.** The appraiser should provide clear concise statements of all assumptions including the following specifics:

   a. that the title to the property is marketable,
   b. that the appraiser assumes no responsibility for legal matters,
   c. that all data furnished by others are presumed correct, and
   d. any other assumptions and/or limitations.

6. **References.** If preferred, can be shown with applicable approach.

**PART II - FACTUAL DATA**

7. **Client and Intended Users.** The appraiser must identify the client and other intended users of the report including the Illinois Department of Natural Resources. Further, the appraiser must identify the intended use of the appraiser=s opinions and conclusions.

   **Note:** An appraiser must not allow a client=s objectives or intended use to cause their analysis to be biased.

8. **Purpose of the Appraisal.** This shall include the reason for the appraisal, a definition of market value (and any other values required) and property rights appraised. For state-funded acquisitions, the definition of market value contained in the appraisal must be consistent with current *Uniform Standards of Professional Appraisal Practice* (USPAP). For federal-funded acquisitions, the definition of market value contained in the appraisal must use the following specific definition of market value:

   A*Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.*

   This market value definition is required by the *Uniform Appraisal Standards for Federal Land Acquisitions* for federal-funded acquisitions. **NO OTHER DEFINITION IS ACCEPTABLE.**

   When the purpose of the assignment is to develop an opinion of market value for state-funded acquisitions, the appraiser must also develop an opinion of reasonable exposure time linked to the value opinion. If the purpose of the assignment is develop an opinion of
c. **Equipment** - This shall be described by narrative or schedule form and shall include all items of equipment, including a statement of the type and purpose of the equipment and its state of cannibalization. The current physical condition and relative use and obsolescence shall be stated for each item or group appraised, and whenever applicable, the repair or replacement requirements to bring the property to usable condition.

Any related personally or equipment, such as tenant trade fixtures, which are not attached or considered part of the realty, shall be separately inventoried. Where applicable, these detachable or individually owned items shall be separately valued.

d. **History** - Discuss briefly the purpose for which the improvements were designed, dates of original construction and major renovation and/or additions. For state funded acquisitions, include a **THREE-YEAR** record as to each parcel, of all sales, and, if possible, offers to buy or sell, and recent lease(s); if no sale in the past three years, include a report of the last sale, if available, or advise that there have been no sales in the past three years. For federal funded acquisitions, include a **TEN-YEAR** record as to each parcel, of all sales, and, if possible, offers to buy or sell, and recent lease(s); if no sale in the past ten years, include a report of the last sale, if available, or advise that there have been no sales in the past ten years.

e. **Assessed Value and Annual Tax Load** - Include the current assessment and dollar amount of real estate taxes. The appraiser should discuss how the current assessment relates to the market value of the subject property. If the property is not taxed, the appraiser shall estimate the assessment in case it is placed upon the tax roll, state the rate and give the dollar amount of the tax estimate. The appraiser should further discuss how the imposition of property taxes on this formerly exempt property may impact the market value and/or marketability of the subject property.

f. **Insurance** - If applicable, give the estimated rate per thousand and the annual cost of adequate insurance coverage (not necessarily present coverage) for any improvements on the site.

g. **Utilities/Easements/Restrictions** - give a detailed description of all utilities, easements and/or title restrictions affecting the property and the resultant impact they may have, if any, on the site's value and/or use.

h. **Zoning** - Describe the zoning for subject and comparable properties. If not zoned, state what the zoning probably will be under private ownership, and if rezoning is imminent, discuss further under item 13.

**PART III - ANALYSIS AND CONCLUSIONS**

13. **Definition and Analysis of Highest and Best Use.** The report shall discuss the highest and best use that can be reasonably made of the property (land and improvements and where applicable, machinery and equipment) for which there is a current market. The valuation
appraiser's final value estimate from this approach.

NOTE: Each comparable sale shall have the same Highest and Best Use as the subject property or, if not, a full explanation is needed.

16. **Appraisal of a "Partial Taking"**.

Appraisal of a "partial taking" must be prepared using the FEDERAL METHOD as outlined on pages 47 - 51 (excerpts enclosed at end of instructions) of the Uniform Appraisal Standards for Federal Land Acquisitions booklet as adopted by the Interagency Land Acquisition Conference, 2000, and include the following:

a. **BEFORE VALUE** (valuation of the whole property/ownership).

b. **AFTER VALUE** (valuation of the land remaining after the "partial taking").

c. **TOTAL COMPENSATION** for the part taken ("before value" less the "after value").

d. **"SEVERANCE DAMAGE"** (if any) to the remainder after the "taking". (full explanation must be provided)

17. **Interpretation and Correlation of Estimates.** The appraiser shall interpret the foregoing estimates and shall state his reasons why one or more of the conclusions reached in items 15 (a),(b) and (c) are indicative of the market value of the property.

When correlating two or all three approaches, the appraiser must take into account the type of property in relation to the adequacy of the data processed in each approach. This summary should explain the strengths and weakness of each approach and influence the weight to be given each one.

Do not obtain a final estimate of value by averaging the individual indications. Place the greatest emphasis on the approach which most reliably reflects local thinking and marketability.

The appraiser shall give the final estimate of value in a definite statement.

18. **Affidavit of Appraiser.** (Form attached.)

**PART IV - EXHIBITS AND ADDENDA**

19. **Location Map.** (Within the city or area) this map should be in such detail to clearly identify access to the site and adjacent boundaries.
AFFIDAVIT OF APPRAISER

STATE OF ILLINOIS) SS

COUNTY ________________)

_____________________________________, being duly sworn, deposes and says:

That on ___________ (date) I personally inspected the property herein appraised. The owner, or his representative, was advised of my mission and (did) (did not) accompany me. That I personally inspected the comparable sales property considered within this report.

That to the best of my knowledge and belief, the statements contained in this appraisal are true, and the information upon which the opinions expressed therein are based is correct, subject to the limiting conditions therein set forth.

That I understand that this appraisal is to be used in connection with the acquisition of said property by the _______________________, and that to the best of my knowledge and belief, this appraisal has been made in conformity with either the "Uniform Appraisal Standards for Federal Land Acquisition" or AUniform Standards of Professional Appraisal Practice (USPAP) instructions provided me and which are applicable to appraisal of property involving federal and/or state funding, and that no portion of the value assigned to such property, consists of items which are non-compensable under the established law of said State, and that value does not reflect influence of the proposed project.

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

That I have no direct, or indirect, present, or contemplated future personal interest in this property, or in any way benefit from its acquisition.

That I will not reveal the findings and results of this appraisal to anyone other than the proper officials of the IL Department of Natural Resources, or officials of any Federal Agency, unless authorized by State officials to do so, or unless I am required to do so by due process of law, or until I am released from this obligation by having publicly testified to such findings.

That in my opinion the market value of the taking as of __________________________ is
(Valuation date) $___________________________.

_____________________________________
(Signature)

_____________________________________
(Date report submitted)

Subscribed and sworn to before me this _____ day of ___________________________ 20__
Notary Public Seal

My Commission Expires _________________________.

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APPRAISAL CHECKLIST
Adapted from the Uniform Appraisal Standards for Federal Land Acquisition
and the Uniform Standards of Professional Appraisal Practice

PREFACE

1. IDNR's review appraiser contacted. Name: ___________________ Date: __________

2. Copy of Specifications and Checklist provided to appraiser prior to start.

3. Checklist attached.

4. A copy of the Preliminary Title Report, Opinion of Title or Commitment for Title Insurance attached.

5. Deed restrictions as found in the Preliminary Title Report, etc., included in appraisal.

6. Appraiser advised of legal description of subject property.

FORMAT

1. Bound Report

2. Pages numbered

PART I - INTRODUCTION

1. Title Page

2. Table of Contents

3. Letter of Transmittal

4. Photographs (Should include at least the front elevations of the subject, any major improvements plus any unusual features. There should also be views of abutting properties on either side and the property directly opposite the subject property. Views of each comparable sales property must also be included. Original color photographs should be used in each copy of the appraisal rather than photocopies of the original photos. All graphic material shall include caption.)

5. Statement of Limiting Conditions and Assumptions

6. References

PART II - FACTUAL DATA

7. Client and Intended Users

8. Purpose of Appraisal and Definition of Market Value

9. Scope of the Appraisal

10. Legal Description

11. Area, City and Neighborhood Data

12. Property Data

A. Site (soil, topography, minerals, etc.)

B. Improvement and Conditions

C. Equipment

D. History (10 year history conveyance)

E. Assessed value and annual tax load.

F. Insurance (If applicable, give estimated rate per thousand and the annual cost of adequate insurance, but not necessarily the present coverage, for any improvements on the site.)

G. Title restrictions/ easements/other fee interests

H. Zoning
PART III - ANALYSIS AND CONCLUSIONS

13. Definition and Analysis of Highest and Best Use (HBU)

14. Land Value

15. Value Estimate
   A. Cost Approach
   B. Income Approach
   C. Sales Comparison (Market) Approach

16. Appraisal of "Partial Taking" (if applicable). Federal "Before & After" method required. (see instructions)

17. Interpretation and Correlation of Estimates

18. Affidavit and Statement of owner notification, accompaniment, valuation date and value established.

19. Location Map (Within city or area)

20. Comparable Sales Data Map (This map must be of sufficient detail as on a regional map, community map, neighborhood map or Sidwell, with both the subject property and each comparable property clearly identified so as to allow the properties to be easily found during the required on-site inspections by the reviewing appraiser.)

21. Details of the Comparative Sales Data (All sales must be verified either by the buyer, seller, broker or other knowledgeable person.)

   The following items must be a part of the comparable sales identification:
   A. Name of grantor and grantee
   B. Legal/size description of comparable and street address or location description.
   C. Deed book, page number and county
   D. Type of instrument (Warranty deed, contract, etc.)
   E. Date of instrument
   F. Date of sale
   G. Reservations, exceptions, deed restrictions, if noted
   H. Value of State Transfer Tax affixed to the instrument.
   I. Sales consideration and terms
   J. Zoning classification of comparable sale
   K. Soil types of comparable sale
   L. Sales confirmed with grantee, grantor or broker
   M. Comparable sales HBU analyzed.

   Additional documentation data having a major bearing on valuation of the subject property may include:
   N. Quantity and quality of attached mineral rights.
   O. Quantity and quality of attached water rights.
   P. Quantity, quality and legal descriptions (or maps of functional boundary of attached permits, leases, allotments, etc.)

22. Plot Plan*

23. Floor Plan*

24. Other pertinent exhibits (location sketches of easements, other fee interests, etc.)

25. Qualifications

* All maps and plans may be bound as facing pages opposite the description, tabulation or discussions that they concern.