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MANUAL 500-2

SECTION 02.2

APPRAISALS AND SURVEYS

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BUREAU OF MANAGEMENT ANALYSIS AND PROJECTS

1. Purpose

The purpose of this procedure is to describe the appraisal and survey processes.

2. Applicable Law and/or Guidance

New York Eminent Domain Procedure Law (“EDPL”)

New York State Public Authorities Law, Article 2, Title 9, New York State Thruway Authority, Article 9, Title 5-A

New York State Finance Law §139-j, §139-k

Thruway Real Property Management Policy (25-6-02)

Executive Instruction entitled “Inappropriate Lobbying Influence in Authority/Corporation Procurements”

Uniform Standards of Professional Appraisal Practice (“USPAP”), 19 NYCRR 1106

New York State Department of Transportation Right-of-Way Mapping Procedure

3. Introduction

The need for a survey or appraisal and whether these will be conducted internally or externally will be determined following SOP-TRANSACTION ANALYSIS PROCESS (500-2-02.1). Surveys will typically be conducted prior to an appraisal.

Annual fees for occupancy permits and consideration for all other real property transactions shall be based, at a minimum, on the estimated fair market value of the property. Where a fee rate schedule has not been established for occupancy permits, annual fees shall be based upon, at a minimum, the property’s fair market value as estimated by an appraisal, except in limited circumstances where fair market value may be estimated by other means as determined by the Bureau of Real Property Management (BPRM).

All appraisals shall be conducted and reported in accordance with the current edition of USPAP published by the Appraisal Foundation. The BRPM and all Division real estate specialists shall keep a current edition of USPAP on file in their offices.

For acquisitions or sales that will be handled by the State Department of Transportation (DOT), the Authority shall be responsible for obtaining the necessary survey and shall request DOT to carry out the remaining portions of the process, including appraisals.

4. Procedure

This procedure describes the processes to be followed when surveys and appraisals are required for the disposal or acquisition of real property by the Authority. Such processes include the process for determining if a survey or an appraisal will be completed by internal or external resources; and the process for acquiring and completing such survey or appraisal. Typically, a survey, plot plan or property sketch will be completed prior to the appraisal.

The need for a survey or appraisal including: a) either an internal property sketch or an external survey; and b) an internal or external appraisal will be recommended by the Division Director (DD) and approved on the THRUWAY TRANSACTION ANALYSIS/RECOMMENDATION (TTAR) form (TA-N5116) following SOP-TRANSACTION ANALYSIS PROCESS (500-2-02.1). Such recommendations will be made based upon proposed real property use and estimated value as outlined in that SOP; these requirements are described in Sections 4.1 and 4.2 below.

4.1. Determining Whether an Internal or External Survey is Required

4.1.1. Surveys, plot plans and/or property sketches or similar may be completed by authorized Authority personnel or provided for the following types of transactions:

- Leases of real property where the value of the real property is estimated to be \$10,000 or less; and
- Permits as needed.

4.1.2. The Authority will utilize private sector surveyors to conduct external surveys for the following types of transaction:

- All disposals of real property, except for leases of real property where the value of the real property to be leased is estimated to be \$10,000 or less; and
- All acquisitions of real property, except for real property associated with office space leases.

4.2. Determining Whether an Internal or External Appraisal is Required

4.2.1. Authorized Authority real estate specialists may conduct internal appraisals for the following types of transactions:

- Acquisitions of real property where the value of the real property is estimated to be \$10,000 or less;
- Disposals of real property where the value of the real property is estimated to be \$10,000 or less; or
- Permits for which a fee rate schedule has not been established.

4.2.2. The Authority will utilize private sector appraisers to conduct external appraisals for the following types of transactions:

- Acquisitions of real property where the value of the real property is estimated to be more than \$10,000;
- Disposals of real property where the value of the real property is estimated to be more than \$10,000; and
- Disposals of real property, regardless of value, which because of their unique nature as determined by BRPM, are not subject to fair market pricing or are more appropriately valued by a private sector appraiser.

Note: When the value of the real property is estimated to be over \$300,000, or when deemed appropriate by BRPM due to unusual circumstances, two external appraisals are required.

4.2.3. The Contracting Officer may, consistent with the Authority's Policy on Fees for Thruway Occupancy Permits, approve use of a fee rate schedule based on market value for occupancy permits in lieu of an appraisal.

4.3. The Survey Process

If a real property transaction, once approved per SOP – TRANSACTION ANALYSIS PROCESS (500-2-02.1), requires a property description (plot plan, property sketch, or external survey), Authority staff are to proceed as follows:

4.3.1. In those instances when an external survey is not required, the DD will direct authorized Authority staff to have property sketches, plot plans or similar property descriptions prepared as needed and then go to Section 4.4 for appraisals.

- 4.3.2. When an external survey is required, the BRPM will contact the Engineering Real Property Unit (ERPU) to solicit fee quotations from licensed surveyors. The REQUEST FOR SURVEY LETTER¹ will provide the surveyor with the location and description of property to be surveyed, general mapping of the property to be surveyed (if available), a date for responding to the solicitation, a time frame for completing the survey once the surveyor has received notification to proceed and the price quote.
- 4.3.3. Upon receipt of the response from the surveyor, ERPU will assess the reasonableness of the price quote, negotiate adjustments if necessary and agree to a maximum amount payable.
- 4.3.4. ERPU will notify BRPM of the selected surveyor and cost of the survey.
- 4.3.5. BRPM will send a COST LETTER² notifying the applicant of the additional cost of the survey and requesting that payment of any amount above the initial survey and appraisal deposit be sent to Finance.

Note: Where the real property is disposed of via a competitive process, the awardee of the competitive process, if different from applicant, will ultimately be responsible for the survey and appraisal costs and applicant (if not the awardee) will be refunded such costs.
- 4.3.6. Upon receipt of funds for the additional costs of the survey, Finance will deposit the funds and notify BRPM and ERPU that the survey can be started.
- 4.3.7. ERPU will contact the selected surveyor to have the survey completed.
- 4.3.8. Upon receipt of the completed acceptable survey materials ERPU will forward a copy to the DD and BRPM for review.
- 4.3.9. Based upon comments received from the review, ERPU will coordinate any modifications to the survey with the surveyor.

1 Exhibit 1

2 Exhibit 2

- 4.3.10. Once any necessary modifications have been made, and the survey is accepted, ERPU will forward a copy of the survey to the DD and BRPM; and work with Finance to remit payment to the surveyor. The appraisal process will commence as detailed in Section 4.4.

4.4. Developing the Appraisal Specifications and Costs

If a real property transaction, once approved per SOP – TRANSACTION ANALYSIS PROCESS (500-2-02.1), requires an appraisal, Authority staff are to proceed as follows:

- 4.4.1. The BRPM directs the Division real estate specialist to prepare a draft appraisal SPECIFICATIONS OF PROPOSED APPRAISAL ASSIGNMENT (SPAA)⁺ form (TA-N5119).
- 4.4.2. A SPAA is to be developed for internal and external appraisals. The purpose of the SPAA is to provide clear direction regarding the specific requirements and the desired deliverables. A well developed SPAA will help ensure receipt of an acceptable appraisal report. The Division real estate specialist will develop the draft SPAA for the appraisal, including information regarding the property and appraisal problem.
- 4.4.3. The Division real estate specialist will send a copy of the draft SPAA to BRPM, along with a copy of the approved TTAR and any supporting materials (e.g., maps, surveys, property descriptions, etc.). BRPM will review the SPAA and contact Division real estate specialist to discuss any questions/concerns. Upon approval of the SPAA by BRPM, BRPM will notify the Division real estate specialist to initiate the appraisal process. For an internal appraisal, the process continues with Section 4.5 and for an external appraisal go to Section 4.6.

4.5. Conducting Internal Appraisals

- 4.5.1. Upon receipt of approval to proceed with an internal appraisal from BRPM, the Division real estate specialist will conduct the appraisal in accordance with USPAP and prepare an appraisal report.
- 4.5.2. Upon completion of the appraisal report, Division real estate specialist will forward the appraisal report to BRPM for review.

- 4.5.3. BRPM will conduct a review appraisal and will contact the Division real estate specialist or others if additional information or clarification is required. If a revision to the appraisal report is required, BRPM will return the report to Division along with suggested revisions.
- 4.5.4. Once all issues/concerns have been resolved and the appraisal report has been finalized, the Division real estate specialist will forward two original counterparts to BRPM for the Transaction Record.
- 4.5.5. BRPM will complete its review appraisal report, maintain two original counterparts in the Transaction Record, and forward one copy to the Division real estate specialist. BRPM will continue to progress the transaction according to the appropriate SOP.

4.6. Conducting External Appraisals

- 4.6.1. For an external appraisal, the Division real estate specialist will solicit fee quotations from qualified appraisers under term contract or follow the PROCEDURE FOR PROCESSING PROCUREMENTS (100-1-01). The REQUEST FOR APPRAISAL LETTER¹ will be sent to provide the appraiser with the appraisal specifications, a date for responding to the solicitation, a time frame for completing the appraisal once the appraiser has received notification to proceed and the price quote.
- 4.6.2. Upon receipt of the response from the appraiser, the Division real estate specialist will forward it to BRPM.
- 4.6.3. BRPM will assess the reasonableness of the price quote, negotiate adjustments if necessary and agree to a maximum amount payable.
- 4.6.4. BRPM will send a COST LETTER² notifying the applicant of the additional cost of the appraisal and requesting payment of any amount above the initial survey and appraisal deposit.

Note: Where the real property is disposed of via a competitive process, the awardee of the competitive process, if different from applicant, will ultimately be responsible for the survey and appraisal costs and applicant (if not the awardee) will be refunded such costs.

1 Exhibit 4

2 Exhibit 2

- 4.6.5. Upon receipt of the funds for the additional costs of the appraisal by Finance, Finance will notify BRPM that the appraisal can be started.
- 4.6.6. Upon notification by Finance that the additional appraisal funds have been received, BRPM will develop the contract for appraisal services or use existing term agreements and obtain required signatures from selected appraiser(s). BRPM will obtain necessary Authority approvals required by the PROCEDURE FOR PROCESSING PROCUREMENTS (100-1-01).
- 4.6.7. BRPM will forward to the appraiser the fully executed counterpart of the contract, and will follow-up with the appraiser regarding receipt of the appraisal report.
- 4.6.8. Upon receipt of the appraisal report, BRPM will forward a copy to the Division real estate specialist. The Division real estate specialist will conduct a preliminary review of the report and provide comments back to BRPM. Copies of comments provided to BRPM will also be placed in the Transaction Record.
- 4.6.9. BRPM will conduct a review appraisal, and provide the appraiser with any questions or comments. Once BRPM has deemed the appraisal report to be compliant with the terms of the appraisal contract, BRPM will advise Finance to pay the appraiser.

Note: If two external appraisals are required and they are materially different, BRPM will, if appropriate, attempt to reconcile the differences with the appraisers during its review appraisal. BRPM will recommend the appraisal to be relied upon or other action required.

- 4.6.10. Upon completion of its review appraisal report, BRPM will send a copy to the Division real estate specialist and keep two originals in the Transaction Record.
- 4.6.11. BRPM will progress the transaction according to the appropriate SOP.

4.7. Surveying and Appraising Property in an Exchange of Properties

- 4.7.1. When a transaction involves an exchange of properties, a survey and an appraisal(s) must be completed for each property involved in the exchange.

- 4.7.2. Where the transaction involves an exchange of property and the value of each property is estimated to be \$300,000 or less, one survey and one appraisal will be prepared for each property in accordance with this SOP.
- 4.7.3. Where either of the property values is estimated to be greater than \$300,000, one survey and two external appraisals will be conducted for each property in accordance with this SOP.
- 4.7.4. In order to proceed with an exchange of property, the appraisals must demonstrate that the property to be acquired is of at least equal value to the property to be exchanged.

4.8. Updating Appraisals

Prior to submittal of a proposed transaction to the Office of the State Comptroller (OSC) for approval, if an appraisal is over one year old, BRPM will determine if an update is needed. If an update is not needed, BRPM will document the reasoning in the Transaction Record and in any subsequent submittals to OSC. If an update is needed, BRPM will coordinate the update.

5. Complying with §139-j and §139-k of the State Finance Law (Lobbying Law)

Any contact (inquiry, etc.) made regarding a real property transaction following the TAR form approval for negotiated sales and subsequent to the first notice of a competitive process for disposal of such real property (solicitation, RFP, etc.) is subject to the Lobbying Law and must be recorded. See the Executive Instruction entitled INAPPROPRIATE LOBBYING INFLUENCE IN AUTHORITY/CORPORATION PROCUREMENTS.

6. Responsibilities

BRPM will (a) coordinate the applicant's payment of survey and appraisal costs; (b) assign internal appraisals to Divisions; (c) coordinate the letting of external appraisals; and (d) conduct review appraisals.

The DD will coordinate the internal preparation of property sketches or plot plans.

Division real estate specialists will develop appraisal specifications letters, prepare internal property sketches and plans and internal appraisals, solicit fee quotations for external appraisals, and assist in the review of external appraisals.

APPRAISALS AND SURVEYS

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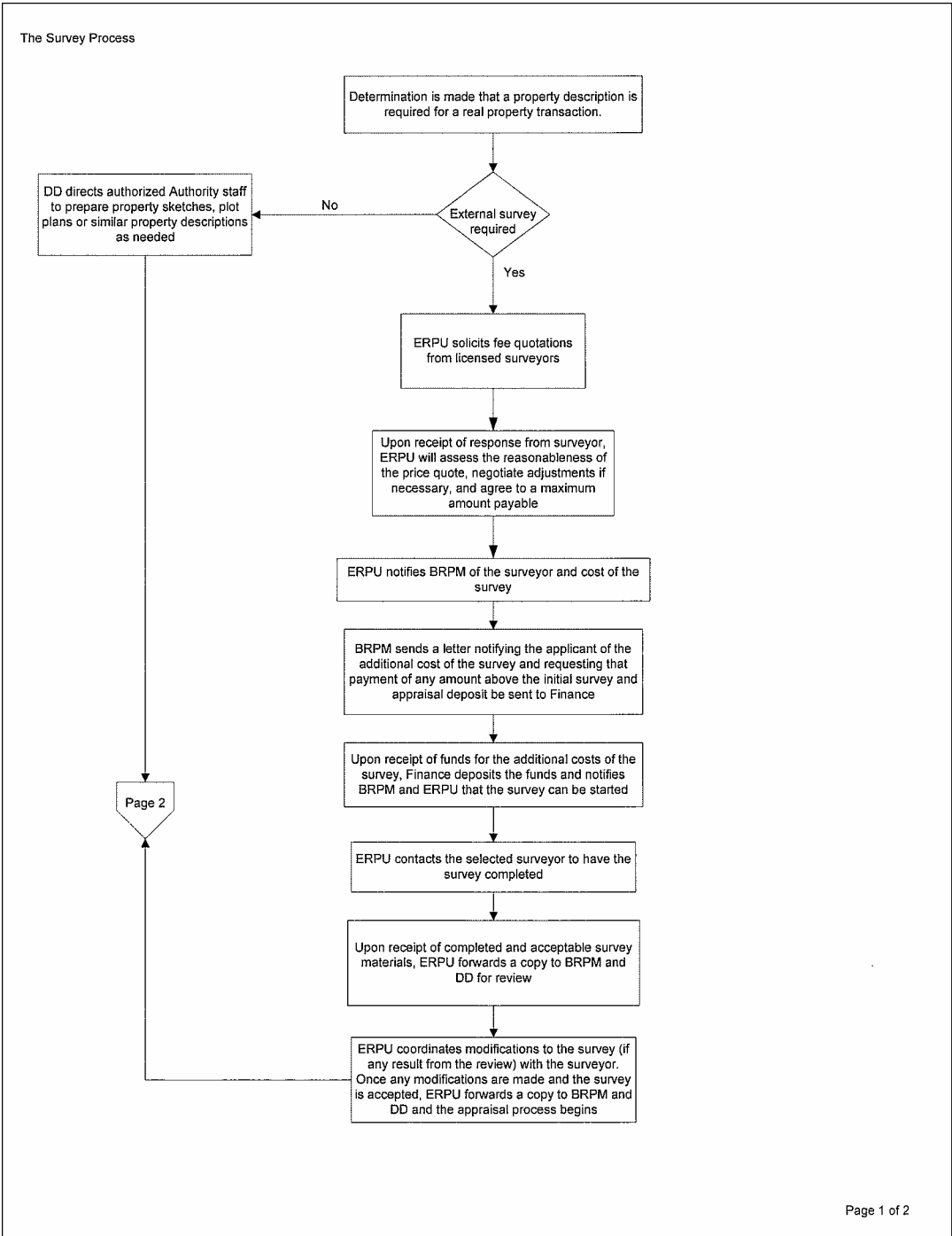
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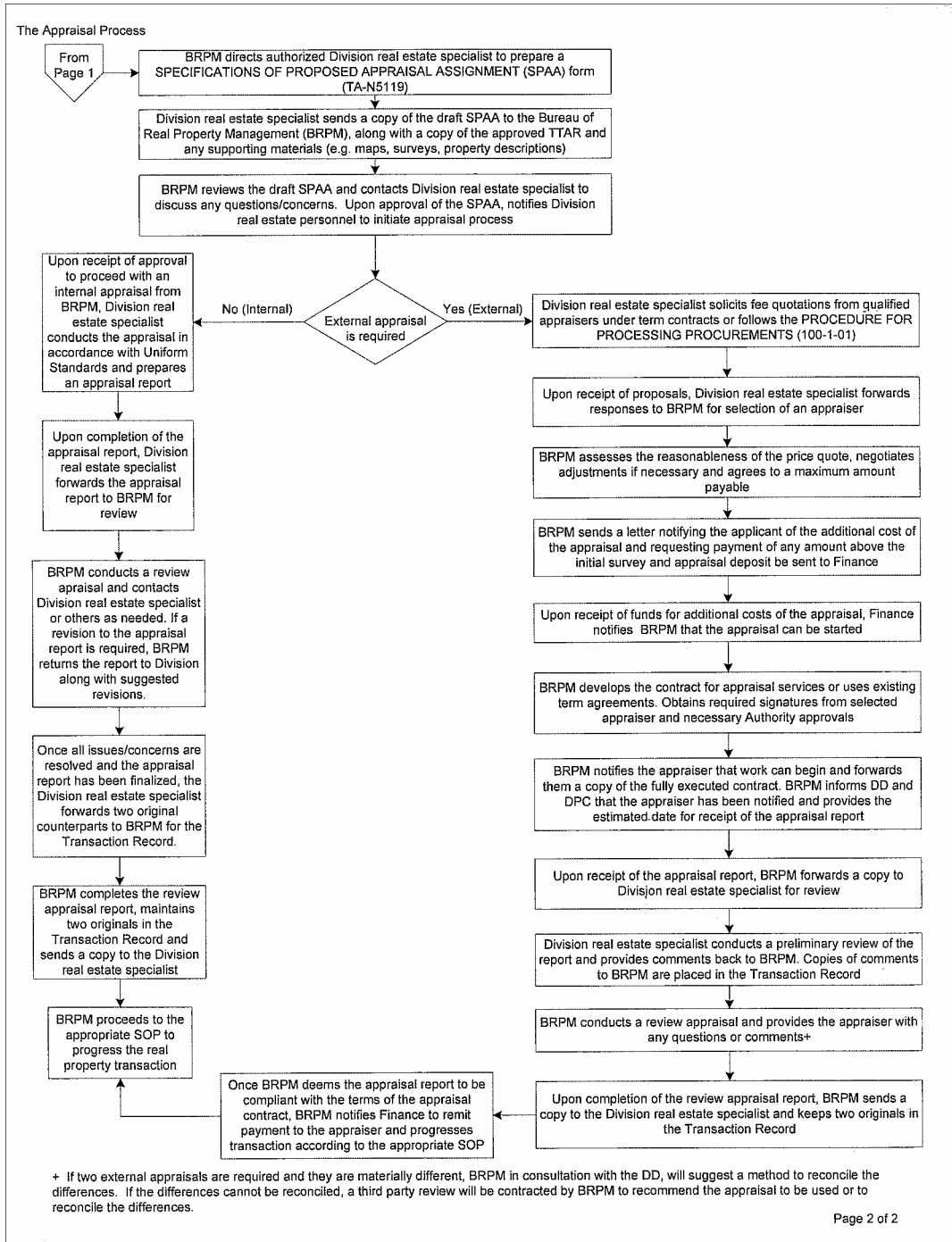
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ERPU will coordinate the external survey process including obtaining fee quotations and reviewing external surveys.

Finance will receive and deposit survey and appraisal funds, notify applicable personnel upon receipt of the funds, and remit payment for services to external surveyors and/or appraisers.

7. Flowchart





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EXHIBIT 1
REQUEST FOR SURVEY LETTER

< insert date >

Name
Address
City, State, Zip

Re: <Location and description of property>
Transaction Reference Number:

Dear **< insert name >**:

The New York State Thruway Authority is interested in obtaining a fee proposal from your firm concerning a survey of **< describe property >**.

The survey must be completed within **< insert number >** days of receiving authorization to proceed. Your response to this fee proposal request must be returned to this Office by **< insert date >**.

If you have any questions, please feel free to call me at **< insert phone number >**.

Sincerely,

Name
Title
Department

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EXHIBIT 2
COST LETTER
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The appropriate letter will be used to notify the applicant of the additional payment for the survey and appraisal cost.

< insert date >

Name
Address
City, State, Zip

Re: <Location and description of property>
Transaction Reference Number:

Dear < insert name >:

Thank you for your interest in the property at the above referenced location. Your application is being progressed and the property will now need to be surveyed.

The cost of the survey is < insert amount >. Taking into account the survey/appraisal deposit of \$500 submitted with your application, < insert appropriate text based on one of the options below >.

Once the survey is completed, the property will be appraised and you will be informed of the cost of the appraisal and any additional balance due to the Authority.

Should you have any questions, I can be reached at < insert phone number >.

Sincerely,

Name
Title
Department

Option 1: there is a balance due of < insert amount >. Please send a check payable to the NYS Thruway Authority to the following address:

New York State Thruway Authority/Canal Corporation
Credit and Collections Unit
P.O. Box 189
Albany, NY 12201-0189

The Transaction Reference Number noted above, **must** be placed on the front of your check. The survey will not be ordered until any balance due is received by the Authority.

Option 2: the remaining balance of < insert amount > will be applied to the cost of an appraisal.

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COST LETTER
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< insert date >

Name
Address
City, State, Zip

Re: <Location and description of property>
Transaction Reference Number:

Dear < insert name >:

Thank you for your interest in the property at the above referenced location. Your application is being progressed and the property will now need to be appraised.

The cost of the appraisal is < insert amount >. < Insert appropriate text from one of the options on the next page >.

Please send a check payable to the NYS Thruway Authority to the following address:

New York State Thruway Authority/Canal Corporation
Credit and Collections Unit
P.O. Box 189
Albany, NY 12201-0189

The Transaction Reference Number noted above, **must** be placed on the front of your check. The appraisal will not be ordered until the full balance due is received by the Thruway Authority.

Should you have any questions, I can be reached at < insert phone number >.

Sincerely,

Name
Title
Department

COST LETTER

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Option #1: (If a survey has not been conducted prior to the appraisal)
Taking into account the survey/appraisal deposit of \$500 submitted with your application, there is a balance due of <insert amount>.

Option #2: (If a survey has been conducted prior to the appraisal and there is a remaining balance from the survey/appraisal deposit)
Taking into account the survey/appraisal deposit of \$500 submitted with your application, less the amount of <insert amount> applied to the survey cost, there is a balance due of <insert amount>.

Option #3: (If a survey has been conducted prior to the appraisal and there is no remaining balance from the survey/appraisal deposit)
This is the balance due to the Authority.

EXHIBIT 3
SPECIFICATIONS OF PROPOSED APPRAISAL ASSIGNMENT

This form is used to provide the person conducting an appraisal with clear direction regarding the specific survey and appraisal requirements.

Form titled 'SPECIFICATIONS OF PROPOSED APPRAISAL ASSIGNMENT' from the New York State Thruway Authority. It includes sections for 'I. Information and Proposed Appraisal Assignment' and 'II. BRPM Review/Approval'. The form contains various text boxes, checkboxes, and a signature line for the Bureau of Real Property Management.

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EXHIBIT 4
REQUEST FOR APPRAISAL LETTER

< insert date >

Name
Address
City, State, Zip

Re: <Location and description of property>
Transaction Reference Number:

Dear < insert name >:

The New York State Thruway Authority is interested in obtaining a fee proposal from your firm concerning an appraisal of < describe property >.

< Insert narrative from the Specifications of Proposed Appraisal Assignment >

Four copies of the appraisal report are required. Appraisals must be completed in conformance with Section 160-d, subdivisions 2 and 3 of the N.Y.S. Executive Law and the Uniform Standards of Professional Appraisal Practice.

The appraisal report must be completed, with property certification, within < insert number > days of receiving authorization to proceed. Your response to this fee proposal request must be returned to this Office by < insert date >.

If you have any questions, please feel free to call me at < insert phone number >.

Sincerely,

Name
Title
Department