



North Carolina
Department of Commerce
Division of Community Assistance

Beverly Eaves Perdue, Governor
J. Keith Crisco, Secretary

Henry C. McKoy, Asst. Secretary
Gloria Nance-Sims, Director

BULLETIN: 10-17 (Replaces 91-5)

SUBJECT: Offer of Just Compensation under the Uniform Relocation and Real Property Acquisition Act

DATE REVISED: September 20, 2010

ATTENTION: All CDBG Recipients

When acquiring property under the Uniform Relocation and Real Property Acquisition Policies Act (URA), an appraisal and a review appraisal must be conducted unless:

1. After being informed in writing of the right to receive just compensation based on an appraisal, the owner donates the property and releases the grantee in writing from the responsibility of obtaining an appraisal, or
2. The grantee determines, after reviewing available data, that the valuation problem is uncomplicated and that the fair market value of the property does not exceed \$2,500.00.

Most often the fair market appraisal results in an appraisal value that is affirmed by the review appraisal. The offer of just compensation is then made at the appraised, fair market value. In no case may the offer of just compensation be less than the appraised, fair market value.

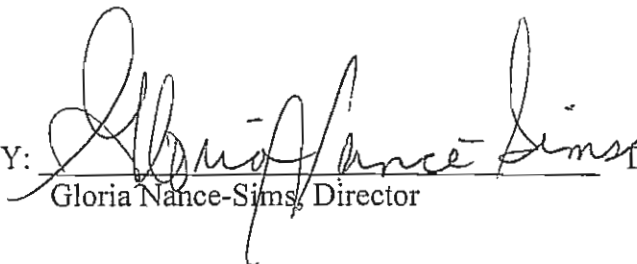
However, there are instances when the review appraisal does not support the initial appraisal. When this occurs, one of two options should be pursued:

1. Obtain a third appraisal, or
2. Have the review appraiser develop appraisal documentation in accordance with 49 CFR 24.103, Criteria for Appraisals.

When a third appraiser is used, the fair market value should be established at the appraisal value most closely supported by the third appraiser. If a third appraisal is not obtained and the review appraiser develops the required documentation, the grantee acts as a review appraiser and decides which appraisal to use for the basis of the offer of just compensation. In this situation, the appraisal selected should be the one the grantee determines to be the fairer and more reasonable offer, considering factors such as recent sale values for comparable property, similar property acquisitions made by the grantee or influencing circumstances which may not have come to the attention of the appraiser.

The property owner may refuse the purchase offer. If the grantee is unable to negotiate an agreement at the amount of the fair market value amount, the offer of just compensation may be increased in order to reach a settlement. The revised offer must be reasonable, prudent and in the public interest. A written justification must be prepared explaining the reasons for the increase (e.g., estimated trial costs, valuation problems, recent court awards, etc.).

Please address any questions or need for additional information to your grant Program Representative.

ISSUED BY:  DATE: 09-20-2010
Gloria Nance-Sims, Director