

**BAYLOR COUNTY APPRAISAL DISTRICT  
BIENNIAL REAPPRAISAL PLAN  
FOR TAX YEARS  
2023 – 2024**

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## **Introduction of the Baylor County Appraisal District**

The Baylor County Appraisal District (Baylor CAD) has prepared and published this reappraisal plan and appraisal report to provide our Board of Director, citizens, and taxpayers with a better understanding of the district's responsibilities and activities.

The Baylor County Appraisal District is a political subdivision of the State of Texas created effective January 1, 1980. The provisions of the Texas Property Tax code govern the legal, statutory, and administrative requirements of the appraisal district. A Board of Directors, appointed by taxing units within the boundaries of Baylor County, constitutes the district's governing body. The Chief Appraiser, appointed by the Board of Directors, is the chief administrator and chief executive officer of the appraisal district.

The appraisal district is responsible for local property tax appraisal and exemption administration for the 5 jurisdictions of taxing entities in the county.

- Baylor County General/Road & Bridge
- City of Seymour M&O/I&S
- Seymour ISD
- Baylor county Hospital District/Seymour Hospital
- Rolling Plains Groundwater Conservation District

Each taxing unit sets its own tax rate to generate revenue to pay for such things as police and fire protection, public schools, road and street maintenance, and other public services. Property appraisals and estimated values by the appraisal district allocate the year's tax burden on the basis of each taxable property's market value. The district also determines eligibility for various types of property tax exemptions such as those for homeowners, disabled persons, veterans, charitable or religious organizations, and agricultural productivity valuation.

All taxable property is appraised at its "market value" as of January 1, except as otherwise provided by the Texas Property Tax Code. Under the tax code "market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- Exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- Both the buyer and the seller know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use, and;
- Both the buyer and the seller seek to maximize their gains and neither is in a position to take advantage of the other.

The Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec. 23.23), productivity (Sec. 23.41), real property inventory (Sec.23.12), dealer inventory (Sec. 23.121, 23.124, 23.1241, and 23.127), nominal (Sec. 23.18), or restricted use properties (Sec. 23.83) and allocation of interstate property (Sec. 23.03).

The Texas Property Tax code under Sec. 25.18 requires each appraisal office to implement a plan to update appraised values for real property at least once every three years.

## **Tax Code Requirement**

Senate Bill 1652 amended Sec. 6.05 of the Texas Property Tax code by adding Subsection (i) to read as follows:

To ensure adherence with generally accepted appraisal practices, the Board of Directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Sec. 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10<sup>th</sup> day before the date of the hearing, the secretary of the board shall deliver to the presiding officers of the governing body of each taxing unit participating in the district a written notice of the date, time, and place of the hearing. Not later than September 15 of each even-numbered year, the board shall complete its hearing, make and amendments, and by resolution finally approve the plan. Copies of the approved plan shall be distributed to the presiding officer of the governing body of each taxing unit participating in the district and to the comptroller within 60 days of the approval date.

## **Plan for Periodic Reappraisal Requirement**

As required by Sec. 25.18 of the Property Tax Code, Baylor CAD will provide for the reappraisal of all real and personal property located within the district. It will be the plan of Baylor CAD to reappraise properties annually, although physical inspections of real and personal properties will be made at least once every three years.

Senate Bill 1652 amends Sec. 25.18, Sub. (a) and (b) to read as follows:

- Each appraisal office shall implement the plan for periodic reappraisal of property approved by the Board of Directors under Sec. 6.05 (i).
- The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every three years:
  - Identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documents, aerial photographs, land-based photographs, surveys, maps, or property sketches;
  - Identifying an updating relevant characteristic of each property in the appraisal records;
  - Defining market areas in the district
    - The district uses the market area of the City of Seymour. We take into consideration when setting the market for categories A, B, C, E, F, and M. If market has little sales in the county, consideration of neighboring counties is sometimes considered.
    - The district uses a county wide market area for appraising categories D and E.
    - Identifying property characteristics that affect property value in each market are including:
      - . The location and market area of property
      - . Physical attributes of property, such as size, age, and condition
      - . Legal and economic attributes
      - . Easements, covenants, leases, reservations, contract, declarations, special assessments, ordinances, or legal restrictions

- Developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of the individual property characteristics
- Applying the conclusions reflected in the model to the characteristics of the properties being appraised
- Reviewing the appraisal results to determine value

## **Revaluation Decision**

The Baylor County Appraisal District by policy adopted by the Chief appraiser and the Board of Directors reappraised all property or monitors the market of certain real property in all district every year with schedule changes made if necessary. Each year the chief appraiser will prepare a proposed operating budget to provide funds for a reappraisal. The Board of Directors will hold a public hearing and approve a budget before September 15 of each year. Baylor CAD will strive to work within the budget as approved by the Board of Directors. The reappraisal process does not mean that every property is re-inspected each year. Both tax years, 2023 and 2024 are reappraisal years. Although, there may be some exceptions on certain classifications of property as in when there is lack of data, budget constraints, or shortage of staff.

## **Performance Analysis**

A performance analysis determines whether values are equitable and consistent with the market, and the primary toll for analysis is the ratio study. Ratio studies are conducted in compliance with the current Standard on Ratio Studies. The same type of study can include but is not limited to independent appraisals due to the lack of sale in a category. Baylor CAD's performance to appraise property at its market value is audited by the State Comptroller's Property Value Study. In an effort to maintain such performance, Baylor CAD will set goals and implement the ten steps for each reappraisal which are as follows:

1. Performance Analysis
2. Reappraisal Decision
3. Analysis of Available Resources
4. Planning and Organization
5. Mas Appraisal System
6. Pilot Study
7. Data Collection
8. Valuation
9. The Mass Appraisal Report
10. Value Defense

## **Available Resources**

For reappraisal purposes, Baylor CAD will do in house reappraising by the Chief Appraiser on appraising real, personal, and commercial properties within Baylor County.

The appraiser identifies and updates relevant characteristics through the inspection process, sales data, permits, deed information, owner descriptions, and maps. Subject property data is verified through previous existing records and through published reports. Each re-inspection an appraiser does is recorded on an appraisal card with required characteristics for residential real property such as class, size, age, condition, topography, access,

constructions style, roof style, photographs, and other such attributes. The Chief Appraiser or staff enters all data into the system from the field appraiser's documentation.

Baylor CAD contracts with Pritchard & Abbott, Inc. for the appraisal of oil and gas properties, public utilities, railroads, pipelines, and other industrial properties is attached.

All Baylor CAD employees will strive to assist property owners, taxing entities and the general public with information the district is able to provide.

The computer assisted mass appraisal (CAMA) system used by BCAD will be from Southwest Data Solutions LLC. For the geographic information system (GIS), Baylor CAD will also use Southwest Data Solutions LLC and Paul Bata. Baylor CAD will continue to use aerial photos and maps obtained online as an additional tool of the reappraisal process.

### **Mass Appraisal System Development**

Computer Assisted Mass Appraisal (CAMA) system revisions required are specific and scheduled. Southwest Data Solutions software is the current CAMA system to Baylor CAD. The economical program provides the district with the most efficient program that fits the district's current budget.

### **Real Property Valuation**

Revisions to schedules or models are specified, updated, and tested each tax year. Modified Cost Schedules are tested with market sales data to ensure that the appraisal district is in compliance with Texas Property Tax Code Sec. 23.011. Marshall and Swift Manual and local contractor data is used in valuing non-residential properties. Marshall and Swift Residential cost guide are review for any new construction and when independent appraisal must be made on newer houses when there is a lack of sales data. It is also used in checking new construction factors that are currently used until the new residential schedules are made from mainly cost information then factored or depreciated for the market area. Land tables are updated using current market sales data and then tested with ratio study tools. Income, expense, and occupancy data is updated for some commercial properties.

### **Pilot Study**

Once entry of the field work is completed, properties will be recalculated in the CAMA system and the Baylor CAD appraisals will be compared to property price sales. This will indicate the level of appraisal the chief appraiser will review the results and address indicated modifications to the schedules.

### **Personal Property Valuation**

Density schedules are updated using data received during the previous tax year from renditions and hearing documentation. Valuation procedures are reviewed and modified as needed.

### **Noticing Process**

The Notice of Appraised Value (Sec. 25.19) are reviewed and edited each year by the Chief Appraiser to ensure accuracy of data. Proofs of notices are provided by Southwest Data Solutions LLC and the mineral notices are provided by Pritchard & Abbott for review. The request form is signed by the Chief Appraiser and notices are printed and mailed by the software providers. Appropriate protest forms and homestead exemption applications are also mailed with the notice to the owner.

## Hearing Process

Scheduling of informal and formal Appraisal Review Board hearings is performed by clerical staff assigned to the ARB. These procedures are reviewed annually and updated as required. Protests are received and established in the system. The protest form and all documentation received from the owner is scanned and attached to the account at the time of receipt. The appraisal manager is sent an email informing him/her of the protest. If the property value is changed through the informal process, the owner is sent a settlement and waiver of protest form prior to the hearing dates. A copy of the ARB Hearing Procedures and the Taxpayer's Rights and Remedies are mailed with the hearing notice by certified mail. The software system provides updated reports on number of protests filed, protest status, as well as tracking the value loss due to protest.

## Data Collections

In the field inspection, appraisers will collect information on the improvements, including judgment calls on effective age, construction grade (classing the improvement), and percent of depreciation (physical, functional, or economic). Additional data will be collected by the sales questionnaire sent to buyers and sellers of property within the county. Information requested includes the names and addresses of the buyer and seller, legal description of property, property identifier, type of transfer, type of financing, personal property included in the sale price, date of transfer and sales price. Further data will be obtained by inspecting deeds, deeds of trust, mechanics liens, closing statements, contracting realtors, and replying on appropriate appraisal manuals. Real estate sales offerings listed in local newspaper and on internet sites will be reviewed. Baylor CAD is provided a copy of building permits and demolition permits by the cities when and if available.

## Production of Values

The Baylor CAD appraised values will be compared to prices paid for properties in a market area. The Chief Appraiser will use existing appraisal classifications and adjust formulas, table, and schedules to reflect current market values. Cost schedules are tested with market data (sales) to ensure that the appraisal district is in compliance with Texas Property Tax Code Sec. 23.011. Replacement cost new tables as well as depreciation tables are tested for accuracy and uniformity using ratio study tools and compared with cost data from Marshall & Swift with regional modifiers and local modifiers applied to determine values.

## Real Property Valuation

Properties scheduled for reappraisal will be identified by a physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, building permits, utility hookups, septic tank permits, listing of commercial vehicles, and renditions. **However, when there is insufficient sales data in those areas, the entire county of Baylor is considered as one market area.**

The district will strive to maximize the efficiency of the field review by sorting the appraisal cards in a route order. During field reviews of property, the appraiser will update the relevant characteristics of each property and will look for changes in the condition of the property: fire damage, remodeling, additions, demolitions, or physical deterioration of the improvements. As new improvements are discovered, they will be inspected, measured, classified, and added to the appraisal roll.

Inside city limits will be reappraised in 2024 which consists of the City of Seymour. The city will be divided up into neighborhoods/areas at the time the appraising begins. Any new constructions or any problematic areas needing to be reevaluated will also be addressed at this time. This plan allows for the be reevaluated will also be addressed at this time. This plan allows for the physical inspection of all properties within the district at least once every three years. All commercial properties in Baylor County are appraised on an annual basis.

Reappraisal of rural Baylor County, which consists of rural property accounts in the school district of Seymour ISD, began in 2023 with the North half of the county. The South half of the county will be reappraised in 2025. This will help carry out and accomplish the appraising in the rural area. Also, any problematic areas will be reevaluated and addressed at this time.

The market area in Baylor County is defined by the individual school district of Seymour ISD.

The city within Baylor County is the City of Seymour.

Baylor CAD will make an annual review of the various forms and applications used by the district. Exemption forms, agricultural appraisal application forms, rendition forms, appraisal notices will be reviewed to make sure the district is using the most current forms available from the Comptroller of Public Accounts.

## **Residential Valuation Process**

### Introduction – Scope of Responsibility

The Chief Appraiser is responsible for estimating equal and uniform market values for residential improved and vacant property.

### Appraisal Resources

- Personnel: The appraisal staff consists of one appraiser. The following appraiser is responsible for estimated the market value of residential property: Mitzi Welch, Interim Chief Appraiser.
- Data: An individualized set of data characteristics for each dwelling in the district are collected in the field and data entered into the computer. The property characteristics stat drives the application of computer-assisted mass appraisal (CAMA) under the cost, market, and income approaches to property valuation.

## **Valuation Approach**

### Land Analysis

Land valuation analysis is conducted prior to neighborhood sales analysis. The value of the land component to the property is estimated based on available market sales for comparable land sales and comparable land sales are conducted based on a comparison of land characteristics found to influence the market price of land. A computerized land table file store the land information required to consistently value individual parcels. Specific land influences are considered, where necessary, and depending on individual lot or tract characteristic to adjust parcels. The Chief Appraiser uses abstraction and allocation methods to ensure that estimated land values best reflect the contributory market value of the land to the overall property value.



## Area Analysis

Data on regional economic forces such as demographic patterns, regional location factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs are collected from public courses and provide the field appraiser a current economic outlook on the real estate market. Information is gleaned from real estate publications and sources such as continuing education from TDLR classes.

## Highest and Best Use Analysis

The highest and best use of property is the reasonable and probability use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of residential property is normally its current use.

## Valuation and Statistical Analysis (Model Calibration)

### Cost Schedules

All residential parcels in the district are valued with a replacement cost estimated from identical cost schedules based on the improvement classification system using a comparative unit method. The district's residential cost schedules are check or estimated from Marshall and Swift, a nationally recognized cost estimator service. These cost estimates are compared with sales of new improvements and evaluated from year to year and indexed to reflect the local residential building and labor market. The cost schedules are reviewed regularly as a result of recent state legislation requiring that the Appraisal District cost schedules be within a range of plus or minus 10% from nationally recognized cost schedules.

A review of the residential cost schedule is performed annually. As part of the review and evaluation process of the estimated replacement cost, newly constructed sold properties representing various levels of quality of construction in the district are considered. The property data characteristics of these properties are verified and photographs are taken of the samples. Baylor CAD replacement costs are compared against Marshall and Swift, a nationally recognized cost estimator, and the indicted replacement cost abstracted from these market sales of measure, including stratification by quality and reviewing of estimated building costs plus land to sale prices.

### Sales Information

A sales file for the storage of "snapshot" sales data at the time of sale is maintained for real property. Residential vacant land sales and vacant land sales are maintained in a sales information system. Residential improved and vacant sales are collected from a variety of sources, including:

- District questionnaires sent to buyer and seller
- Field discoveries
- Protest hearings

A system of type, source, validity and verification codes had been established to define salient facts related to a property's purchase or transfer and to help determine relevant market sale prices. These analysis tools help determine and estimate the effects of change, with regard to prices, as indicated by sale prices for similar property within the current market.

## Statistical Analysis

The residential appraiser (Chief Appraiser) performs statistical analysis annually to evaluate whether estimated values are equitable and consistent with the market. Ratio studies are conducted on each of the residential valuation in the district to judge the two primary aspects of mass appraisal accuracy – level and uniformity of value.

## Market and Cost Reconciliation and Valuation

Baylor CAD uses market sales to achieve an acceptable sale ratio or level of appraisal is also the reconciliation for the market and cost approaches to valuation. Market factors are developed from appraisal statistics provided from market analysis and ratio studies and are used to ensure that estimated values are consistent with the market and to reconcile cost indicators. The district's primary approach to the valuation of residential properties uses a hybrid cost-sales comparison approach. The type of approach accounts for market influences not particularly specified in a purely cost model.

The following equation denotes the hybrid model used:  $MV=LV + (RCN-AD)$ . Whereas, in accordance with the cost approach, the estimated market value (MV) of the property equals the land value (LV) plus the replacement cost new of property improvements (RCN) less accrued depreciation (AD). As the cost approach separately estimates both land and building contributory values and uses depreciated replacements costs, which reflect only the supply side of the market, it is expected that adjustments to the cost values may be needed to bring the level of appraisal to an acceptable standard as indicated by market sales. Thus, demand side economic factors and influences may be observed and considered. These market or location adjustments may be abstracted and applied uniformly within neighborhoods to account for location variances between market areas or across a jurisdiction. Whereas, in accordance with the Market Approach, the estimated market value (MV) of the property equals the basic unit of property, under comparison, times the market price range per unit for sales of comparable property. For residential property, the unit of comparison is typically the price per square foot of living area or the price indicated for the improvement contribution. The analysis for the hybrid model is based on both the cost and market approaches as a correlation of indications of property valuation. A significant unknown for these two indications of value is determined to by the rate of change for the improvement contribution to total property value. The measure of change for the property component can best be reflected and based in the annualized accrued depreciation rate. The cost related factor is more appropriately measured by sales of similar property. The market approach, when improvements are abstracted from the sales price, indicated the depreciated value of the improvement component, in effect, measuring changes in accrued depreciated, a cost factor. The level of improvement which is the property sale price less land value. The primary unknown for the cost approach is to accurately measure accrued depreciation affecting the amount of loss attributed to the improvements as age increases and conditions change. The evaluation of cost results in the depreciated value of the improvement component based on age and condition. The evaluation of the market and cost information is basis of reconciliation and indication of property valuation under the hybrid.

## Treatment of Residence Homesteads

Beginning in 1998, and amendments effective through January 1, 2010, the State of Texas implemented a constitutional classification scheme concerning the appraisal of residential property that receives a residence homestead exemption in Section 23.23, limitation on Appraisal Value on Residence Homestead. Notwithstanding the requirements of Section 25.18, Periodic Reappraisal, and regardless of whether the appraisal office has appraised the property and determined the market value of the property for the tax year, an appraisal office may increase the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of:

- The market value of the property for the most recent year that the market value was determined by the appraisal office  
Or
- The sum of: 10% of the appraised value of the property for the preceding tax year + the appraised value of the property for the preceding tax year, and the market value of all new improvements of the property.

The limitation provided by this section takes effect as to a residence homestead on January 1 of the tax year following the first tax year the owner qualifies the property for an exemption under Section 11.13. The limitation expires on January the first tax year that neither the owner of the property when the limitation took effect, nor the owner's spouse or the surviving spouse qualifies for an exemption under Section 11.13.

## **Commercial Valuation Process**

### Introduction – Scope of Responsibility

The Chief Appraiser is responsible for estimating equal and uniform market values for commercial property.

### Appraisal Resources

- Personnel: The appraisal staff consists of one appraiser. The following appraiser is responsible for estimated the market value of residential property: Mitzi Welch, Interim Chief Appraiser
- Data: An individualized set of data characteristics for each dwelling in the district are collected in the field and data entered into the computer. The property characteristics stat drives the application of computer-assisted mass appraisal (CAMA) under the cost, market, and income approaches to property valuation.

### Valuation Approach

The appraisal district shall identify properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documents, photographs, surveys, maps, and property sketches.

Baylor CAD shall identify and update relevant characteristics, such as remodel, addition or demolition of each property in the appraisal records each year.

## Area Analysts

Data on regional economic forces such as demographic patterns, regional location factors, employment and income patterns, general trends in real property prices and rents, interest rate trends availability of vacant land, and construction trends and costs are collected from public sources and provide the field appraiser a current economic outlook on the real estate market. Information is gleaned from real estate publications and sources such as continuing education in the form of TDLR classes.

## Highest and Best Use Analysis

The highest and best use of property is the reasonable and probably use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of residential property is normally its current use.

## Statistical Analysis

The Chief Appraiser performs statistical analysis annually to evaluate whether estimated values are equitable and consistent with the market. Ratio studies are conducted on each of the residential valuation in the district to judge the two primary aspects of mass appraisal accuracy level and uniformity of value. Due to the population size and nature of Baylor County, it is extremely difficult to obtain sufficient sales data to meet USPAP standards to analysis of sales and exception is taken to USPAP Standard 6 in this area.

## **Business Personal Property Valuation Process**

### Introduction – Scope of Responsibility

The Chief Appraiser is responsibility for estimating equal and uniform market values for Business Personal Property.

### Appraisal Resources

There is one personal property type appraised by the district personal property section: Business Personal Property

- Personnel: The appraisal staff consists of one appraiser: Mitzi Welch, Interim Chief Appraiser
- Data: A common set of data characteristics for each personal property account in Baylor CAD is collected in the field. The personal property appraiser collects the field data and maintains electronic property files making updates and changes gathered from field inspections, property renditions, and interviews with property owners.

### Valuation Approach

#### Highest and Best Use

The highest and best use property is the reasonable and probably use that supports the greatest income and highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of personal property is normally its current use.

## **Overview of Types of Properties Appraised**

There four major categories of property appraised by the Baylor County Appraisal District.

These categories are:

1. Real Properties:
  - Residential
  - Commercial
  - Vacant Lots
  - Vacant Rural Land & Improvements on Rural Land
2. Personal Properties
  - Income Producing Business Personal Property
  - Industrial Personal Properties
3. Utilities:
  - Telephone Companies
  - Cable Companies
  - Electrical Companies, Fiber Optics
  - Miscellaneous Other Utilities
4. Minerals:
  - Oil and Gas

The Property Tax Assistance Division of the State Comptroller's Office requires properties to be identified by type using a standard identification code. The codes currently used by the Baylor County Appraisal District are as follows:

- A1 Residence – Single Family
- C1 Vacant Lots and Land Tracts
- D1 Qualified Open-Space Land
- D2 Farm and Ranch Improvements on Qualified Open-Space Land
- E1 Rural Land, Not Qualified for Open-Space and Improvements
- F1 Real – Commercial
- F2 Real – Industrial and Manufacturing
- G1 Oil, Gas, and Minerals
- J Tangible Personal Property Utilities
- L1 Tangible Personal Commercial
- L2 Tangible Personal Industrial and Manufacturing
- M1 Mobile Homes
- X Totally Exempt Properties

## The Mass Appraisal Report

Each tax year the mass appraisal report is prepared and certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar. The mass appraisal report is completed in compliance with USPAP Standard Rule 6-8. The signed certification by the chief appraiser is compliant with USPAP Standard Rule 6-9. The reappraisal plan is referenced in the district's mass appraisal report and together provides the public an overall understanding of the full appraisal process. Whereas, each document stands alone, both must be considered in relaying the district's completion of the property tax year and the mandated requirements.

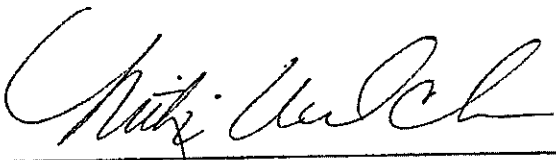
### Limiting Conditions

- The appraisal value estimates provided by the district are subject to the following condition:
  - UAW The appraisals were prepared exclusively for ad valorem purposes
  - UAW The property characteristic data upon which the appraisals were based was assumed to be correct
  - UAW Exterior inspections of the property appraised were performed as staff resources and time allowed
  - UAW Some interior inspections of property appraised were performed at the request of the property owner and required by the district for clarification purposes and to correct property descriptions.

Sales data obtained from third party vendors was considered reliable. Sales data obtained through questionnaires to buyer and seller, telephone survey and field review was considered reliable unless otherwise noted.

### Certification Statement:

"I, Mitzi Welch, Interim Chief Appraiser for the Baylor County Appraisal District, solemnly swear that I made or caused to be made a diligent inquiry to ascertain all property in the district subject to appraisal by me, and I have included in the records all property that I am aware of at an appraised value determined as required by law."

  
\_\_\_\_\_  
Mitzi Welch

## Performance Tests

### Ratio Studies

Each year the Property Tax Division of the state comptroller's office conducts a property value study (PVS). The PVS is a ratio study used to gauge Appraisal District performance. Results from the PVS play a part in school funding. Rather than a sales ratio study, the personal property PVS is a ratio study using state cos and depreciation schedules to develop comparative personal property values. These values are then compared to Baylor CAD's personal property values and ratios are indicated. Due to the population size and nature of Baylor County, it is extremely difficult to obtain sufficient sales data to meet US PAP standards for analysis of sales and exception is taken to USPAP Standard 6 in this area.

## Special Valuation Properties

### Agricultural Use Appraisal

#### Responsibility

The appraisal of Agricultural Land in Baylor County is based on the **Manual for Appraisal of Agricultural Land** published by the State. Agricultural valuation is updated annually. Agricultural properties are constantly monitored for degree of intensity for Baylor County and where the area is located. Section 23.51 of the Property Tax Code sets the standard for determining qualification of agricultural use land.

#### Sources

One of the most important sources of information is the appraisal district's agricultural advisory committee. The advisory board is made up of three to five members that include producers/ranchers, land owners, extension service and other individuals involved in agriculture.

#### Valuation

Every year information is gathered about crops, expenses, leases, government payments and other agricultural information for the valuation of agricultural land. This information is kept until needed for a certain year's valuation. To determine agricultural value, a net to land method is used being a period of 5 years that precede the year before the year of appraisal calculation.

For example:

- For the 2022 year the crops, expenses and lease information from crop years 2021, 2020, 2019, 2018, 2017, and 2016 are used for the 5 years average net to land income.

For more details regarding agricultural valuation, consult the district Agricultural Appraisal Manual.

## Data Collection Validation

### Sources of Data

The district's property characteristic data was collected through a massive field data collection effort coordinated by the district over the recent past and from property owner renditions. From year to year, reevaluation activities permit the district appraiser to collect new data via an annual field inspection. The project results in the discovery of new businesses, changes in ownership, relocation of business, and closures of businesses not revealed through other sources. The public often provides the district information regarding new personal property.

## Valuation and Statistical Analysis

### Cost Schedules

Cost schedules are developed based on district personal property valuation appraisers. Analyzing cost data from property owner renditions, hearings, state schedules, and published cost guide develops the cost schedules. The cost schedules are reviewed as necessary to conform to changing market conditions. The schedules are typically in a price per square foot format.

### Statistical Analysis

Summary statistics including, but not limited to, the median, weighed mean, and standard deviation provide the appraiser an analytical tool by which to determine both the level and uniformity of appraised. Review of the standard deviation can discern appraisal uniformity.

### Depreciation Schedule

Baylor CAD's primary approach to the valuation of business personal property is the cost approach. The replacement cost new (RCN) is either developed from property owner reported historical cost or from Baylor CAD developed valuation models. Analyzing cost data from property owner renditions, hearings, state schedules, and published cost guides develops the cost schedules.

## **Individual Value Review Procedures**

### Office Review

A district valuation computer program exists in a mainframe environment that identifies accounts in need of review based on a variety of conditions. Property owner renditions, accounts with field or other data changes, accounts with prior hearings, new accounts, and cost table changes are all considered. The accounts are processed by the valuation program and pass or fail present tolerance parameters by comparing appraised values to prior year and model values. The appraiser reviews accounts that fail the tolerance parameters.



## 2023 Calendar of Key Events

Throughout the year – CAD Staff

- Research returned mail
- Mail applications for special appraisals and exemptions requiring annual applications, such as new homestead exemptions, surviving spouse, historic exemptions, ag-use applications due to change of ownership
- Gather sales data from sales confirmation letters, deed records, and other sales sources for sales files
- Receive filed deeds by email from County Clerk's office
- Research property ownership
- Send deed changes to Paul Bata for updated mapping such as ownership changes, split, or combined properties
- Send copies of associated mineral deeds to Prichard and Abbott
- Update address changes as new address received
- Prepare and post Board of Directors agenda for meetings
- Update financial information in QuickBooks as necessary and reconcile each account once a month
- Write distribution checks to taxing entities as necessary – Once a month February through September, twice to four times a month in heavy collection time which is October through January
- Manage trust properties and tax sales (with PBFC&M) and take necessary steps to complete a sealed bid or sale
- Answer phone calls and assist walk-in customers

### January

Appraisal Department

- Conduct field inspections on residential, land, mobile homes, commercial, industrial (Prichard & Abbott), pipelines (Prichard & Abbott), and personal property
- All real property within the north half of Baylor County visually inspected and checked for accuracy in class and depreciation
- Photograph improvements and download them to CAMA
- Check for new construction and demolition of improvements
- Begin planning sales ratio studies for all areas within the CAD
- Review schedules in comparison to available sales data to determine areas needing significant adjustment or close review
- Review renditions as received
- Sign up ARB members for training classes provided by the State Comptroller

CAD Staff

- Create list of renditions mailed and note date when rendition and/or extension request received
- Check for 65 and over homestead exemptions that need to be granted
- Check that mapping updates have been processed as scheduled
- Post updated public service announcement at post office and in CAD office
- Place ad in local newspaper on availability of exemptions, rendition requirements, special appraisals, and tax deferrals

## February

### Appraisal Department

- Real property appraiser continues to work renditions – received, scanned, and processed
- Appraisers continue to work on discovery of property and appraisals

### CAD Staff

- Submit sales information and deed transactions to State Comptroller Office by Feb. 1<sup>st</sup>
- Update rendition work list to current year and transfer information from received renditions to list
- Receive and key in rendition extension requests, if any
- Mineral and special property renditions and/or extension requests are emailed to Prichard & Abbott and the original filed in house
- Contact agent if no appointment form on file for property rendered
- Reminder letter and check mailed to ARB members for training

## March

### Appraisal Department

- Real property appraisers continue to do field work
- Complete ratio studies on real property
- Update residential schedules, ag schedules, and mobile home depreciation schedules
- Mineral and special property appraisers continue to process received renditions
- Appraisers continue to work on discovery of property and appraisals

### CAD Staff

- Continue transferring information from received renditions to CAMA
- Receive and key rendition extension requests
- Email mineral & special property extension request to Prichard & Abbott and the original filed in house
- Contact agent if no appointment form on file for property rendered
- Mark rendered accounts, delete any exemptions necessary, and check new exemptions and new frozen accounts
- Review edits and audits before notices run; correct or adjust accounts as needed
- Proof and print out change report and compare to appraisals
- Transfer any deed/data that overlap into Knox County districts and other appraisal districts or tax offices as needed

## April

### Appraisal Department

- Real property appraiser continues to work property and do analysis
- Check status of received renditions
- Appraisers continue to work on discovery of property and appraisals
- End of April, Preliminary Estimated Taxable Values go out to ALL entities

### CAD Staff

- Chief Appraiser gathers information on budget
- Continue transferring information from received renditions to list
- Renditions due by April 15<sup>th</sup> unless extension requested; continue to receive and key rendition extension requests
- Mineral/Utility renditions and/or extension requests emailed to Prichard & Abbott; original filed in house
- Contact agent if no appointment form on file for property rendered

## May

### Appraisal Department

- Run an ad in the local newspaper the first week of May for Protest and Appeals Procedures
- Turn appraisal records over to the ARB before May 15<sup>th</sup>
- May 15<sup>th</sup> or soon thereafter, mail out notices of appraised value
- Chief Appraiser works with property owners regarding appraised values and protests filed
- Coordinate mineral and special property input to CAD

### CAD Staff

- Input Protests filed into system, schedule protest hearing, and mail notice of protest letters
- Send and file received Waiver or Settlement agreements if protests are settled or withdrawn
- Prepare cause folders for hearings
- Compile information for evidence packets for property owners filing protests and requesting evidence
- Coordinate with Prichard and Abbott on hearing schedule and protests filed
- Contact agent if no appointment form on file for property rendered or property protested
- Code returned value notices and research ownership and addresses
- Ensure all ARB members have attended mandatory training and certificates of completion are on file

## June

### Appraisal Department

- Coordinate with CAD staff on hearing schedules and protest filed
- Chief Appraiser works with property owners regarding appraised values and protests filed
- Chief Appraiser begins update of USPAP Report (mass appraisal report)
- Chief Appraiser submits recommended budget to Board of Directors and taxing units by June 15<sup>th</sup>
- Chief Appraiser submits estimated pro-rated budget shares to Board of Directors and taxing units
- Chief Appraiser prepares for protest hearings

### CAD Staff

- Post ARB protest hearing agenda as necessary
- Send and file received Waiver or Settlement agreements if protests are settled or withdrawn
- Continue to schedule protest hearings and mail certified notices of hearing letters to each owner/agent that has a protest scheduled if applicable
- Submit completed operations survey to the State Comptroller
- Contact agent if no appointment form is on file for property protested
- Check coded mail returned on value notices and research ownership and addresses
- Mail personal property rendition penalty letters
- Mail all approvals/denials on rendition penalty waiver requests
- Check rendition list against preliminary appraisal roll to verify properties are being picked up and appraised by Prichard and Abbott
- Prepare hearing list and information on informal meetings and formal hearings to check on evidence and reason for changes in value by the Chief Appraiser
- Begin ARB hearings
- Provide ARB support – make record of minutes during hearings, make copies as needed, supply forms and orders as needed, etc.
- When protests are completed, ARB turns Appraised Roll back to Chief Appraiser (by July 20<sup>th</sup>)

## July

### Appraisal Department

- Chief Appraiser continues to work with property owners regarding values and protests filed if applicable
- Enter into CAMA all changes ordered by ARB
- Chief Appraiser begins work on budget
- Chief Appraiser certifies the Appraisal Roll to taxing units by July 25<sup>th</sup>
- Submit certified appraisal roll to State Comptroller
- Start working on tax rates for taxing units after certification

## CAD Staff

- Continue any ARB related duties until all hearings and protests are completed
- Enter into CAMA all changes ordered by the ARB
- If not before, ARB turns Appraisal Roll back to Chief Appraiser by July 20<sup>th</sup>
- Board of Directors hold budget workshop
- Place an ad in the local newspaper for the Notice of Budget Hearing 10 days before the hearing date
- Submit notice of budget hearing to the taxing entities at least 10 days before the hearing date

## August

### Appraisal Department

- Continue working on effective tax rates for taxing units
- Prepare ads to be placed in local paper on effective tax rates
- Chief Appraiser continues to work on any lingering pending protest or hearings
- Coordinate with CAD staff that rendition penalties are applied correctly

### CAD Staff

- Calculate truth in taxation information for county, cities, and special districts and supply needed information to all schools
- Submit to taxing units value loss due to property acquiring 1<sup>st</sup> time exemption and 1<sup>st</sup> time 1-D-1 special appraisal, value gain due to new improvements and recap of homesteads
- Submit sales information and the certified appraisal roll to the State Comptroller's office by August 1<sup>st</sup> (EARS)
- Hold a public hearing on budget
- Continue ARB hearing process for any reschedule or newly scheduled protests
- Check rendition list against certified roll to verify values by Prichard and Abbott
- Mail letter to property owners, if any, that filed a late Agricultural Exemption Application informing them of the 10% penalty for late filing

## September

### Appraisal Department

- Continue field work as necessary

### CAD Staff

- Board of Directors must adopt the budget by September 15<sup>th</sup>
- Begin work on reports of Property Value for the State Comptroller's office
- Update files after tax rates are set by the taxing entities
- Check that mapping updates have been processed as scheduled

## October

### Appraisal Department

- Review and update ag survey letter as needed
- Bid on bank depository contract mailed to banks
- Approve tax bills with software company and approve mail out date

### CAD Staff

- Mail ag survey letters to owners
- Submit any reports of property value to State Comptroller's office
- Collection phase begins
- Continue to process deed and maps

## November

### Appraisal Department

- Mail out depository extension, if necessary, letter to bank
- Continue field work

### CAD Staff

- Heavy collection phase – process mailed payments, help walk-in customers, and write refund checks as necessary
- Continue to process deeds as they come in
- Continue to check on mapping progress

## December

### Appraisal Department

- Continue field work

### CAD Staff

- Board of Directors start gathering names to appoint new ARB members
- Board of Directors start gathering names to appoint new Ag Board members
- Continue with heavy collection – assisting customers, taking payments, writing refund checks, and answering phones
- Continue processing deeds
- Begin to get paperwork together to send out:
  - o Rendition Forms
  - o 1-D-1 wildlife applications
  - o Mini-Warehouse income surveys
  - o Quarterly pay letters

## 2024 Calendar of Key Events

Throughout the year – CAD Staff

- Research returned mail
- Mail applications for special appraisals and exemptions requiring annual applications, such as new homestead exemptions, surviving spouse, historic exemptions, ag-use applications due to change of ownership
- Gather sales data from sales confirmation letters, deed records, and other sales sources for sales files
- Receive by email copies of filed deeds from County Clerk's office
- Research property ownership
- Send deed changes to Paul Bata for updated mapping such as ownership changes, split, or combined parcels
- Send copies of associated mineral deeds to Prichard and Abbott
- Update address changes as new address received
- Prepare and post Board of Directors agendas for meetings
- Prepare and mail or e-mail Board of Directors packets for meetings
- Update financial information in QuickBooks as necessary and reconcile each account once a month
- Write distribution checks to taxing entities as necessary – Once a month February through September, twice to four times a month in heavy collection time which is October through January
- Manage trust properties and tax sales (with PBFC&M) and take necessary steps to complete a sealed bid or sale
- Answer phone calls and assist walk-in customers

### January

#### Appraisal Department

- Conduct field inspections on residential, land, mobile homes, commercial, industrial (Prichard & Abbott), pipelines (Prichard & Abbott), and personal property
- All real property within the city limits of the City of Seymour visually inspected and checked for accuracy in class and depreciation
- Photograph improvements and download them to CAMA
- Check for new construction and demolition of improvements
- Begin planning sales ratio studies for all areas within the CAD
- Review schedules in comparison to available sales data to determine areas needing significant adjustment or close review
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- Continue field work

### CAD Staff

- Heavy collection phase – process mailed payments, help walk-in customers, and write refund checks as necessary
- Continue to process deeds as they come by email
- Continue to check on mapping progress

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### Appraisal Department

- Continue field work

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  - o Quarterly pay letters

## **Appendix**

### Standard 6: Mass Appraisal, Development, and Reporting

In developing mass appraisal, an appraiser must be aware of, understanding, and correctly employ those recognized methods and techniques necessary to produce and communicate credible mass appraisals USPAP standard 6 is a necessary set of ruled that provides structure and guidance for Baylor County appraisal staff during the development and implementation of appraisal concepts.

Standard 6 applies to all mass appraisals of real of personal property regardless of the purpose of use of such appraisals. Standard 6 is directed toward die substantive aspects of developing and communicating credible analyses, opinions, and conclusions in the mass appraisal of properties. Mass appraisals can be prepared with or without computer assistance. The reporting and jurisdictional exceptions applicable to public mass appraisals prepared for ad valorem taxation do not apply to mass appraisals prepared for other purposes.

A mass appraisal includes:

- Identifying properties to be appraised
- Defining market area of consistent behavior that applies to properties
- Identifying characteristics (supply and demand) that affect the creation of value in that market area
- Developing a model structure that reflects the relationship among the characteristics affecting value in the market area
- Calibrating the model structure to determine the contribution of the individual characteristics affecting value
- Applying the conclusions reflected in the model to the characteristics of the property(ies) being appraised, and
- Reviewing the mass appraisal results

The Jurisdiction Exception Rule may apply to several sections of Standard 6 because ad valorem tax administration is subject to various state, county, and municipal laws.

#### Standards Rule 6-1

In developing a mass appraisal, an appraiser must:

- Be aware of, understand, and correctly employ those recognized methods and techniques necessary to produce a credible mass appraisal
  - o Mass appraisal provides for a systematic approach and uniform application of appraisal methods and techniques to obtain estimates of value that allow for statistical review and analysis of results
  - o This requirement recognizes that the principle of change continues to affect the manner in which appraisers perform mass appraisals. Changes and developments in the real property and personal property fields have a substantial impact on the appraisal profession.
  - o To keep abreast of these changes and developments, the appraisal profession is constantly reviewing and revising appraisal methods and techniques and devising new methods and techniques to meet new circumstances. For this reason, it is not sufficient for appraisers to simply maintain the skills and knowledge they possess when they become appraisers. Each appraiser must continuously improve his or her skills to remain proficient in mass appraisal.
- Not commit a substantial error of omission or commission that significantly affects a mass appraisal
  - o An appraiser must use sufficient care to avoid errors that would significantly affect his or her opinions and conclusions. Diligence is required to identify and analyze the factors, conditions, data, and other information that would have a significant effect on the credibility of the assignment results
- Not render a mass appraisal in a careless or negligent manner
  - o Perfection is impossible to attain, and competence does not require perfections. However, an appraiser must not render appraisal services in a careless or negligent manner. This Standards Rule requires an appraiser to use due diligence and due care

## Standards Rule 6-2

In developing a mass appraisal, an appraiser must:

- Identify the client and other intended users
- Identify the intended use of the appraisal
  - o An appraiser must not allow the intended use of an assignment or a client's objectives to cause the assignment to be biased
- Identify the type and definition of value, and if the value opinion to be developed is market value, ascertain whether the value is to be the most probably price:
  - o In terms of cash; or
  - o In terms of financial arrangements equivalent to cash; or
  - o In such other terms as may be precisely defined; and
  - o If the opinion of value is based on non-market financing or financing with unusual conditions or incentives, the terms of such financing must be clearly identified and the appraiser's opinion of their contributions to or negative influence on value must be developed by analysis of relevant market data
    - For certain types of appraisal assignments in which a legal definition of market value has been established and takes precedence, the Jurisdictional Exception Rule may apply
- Identify the effective date of the appraisal
- Identify the characteristics of the properties that are relevant to the type and definition of value and intended use, including:
  - o The group with which a property is identified according to similar market influence
  - o The appropriate market area and time frame relative to the property being valued; and
  - o Their location and physical, legal, and economic characteristics
    - The properties must be identified in general terms, and each individual property in the universe must be identified, with the information on its identity stored or reference in its property record
    - When appraising proposed improvements, an appraiser must examine and have available for future examination, plans, specifications, or other documentation sufficient to identify the extent and character of proposed improvements
    - Ordinarily, proposed improvements are not appraised for ad valorem tax. Appraisers, however, are sometimes asked to provide opinions of value of proposed improvements so that developers can estimate future property tax burdens. Sometimes units in condominiums and planned unit developments are sold with an interest in un-built community property, the pro rata value of which, if any, must be considered in the analysis of sales data
- Identify the characteristics of the market that are relevant to the purpose and intended use of the mass appraisal including
  - o Location of the market area
  - o Physical, legal, and economic attributes
  - o Time frame market activity, and
  - o Property interests reflected in the market

- In appraising real property or personal property
  - o Identify the appropriate market area and time frame relative to the property being valued
  - o When the subject is real property, identify and consider any personal property, trade fixtures, or intangibles that are not real property but are included in the appraisal
  - o When the subject is personal property, identify and consider any real property or intangibles that are not personal property but are included in the appraisal
  - o Identify known easements, restrictions, encumbrances, leases reservations, covenants, contracts, declarations, special assessments, ordinances, or other items of similar nature; and
  - o Identify and analyze whether an appraised fractional interest, physical segment, or partial holding contributes pro rata to the value of the whole
    - The above requirements do not obligate the appraiser to value the whole when the subject of the appraisal is a fractional interest, physical segment, or a partial holding. However, if the value of the whole is not identified, the appraisal must clearly reflect that the value of the property being appraised cannot be used to develop the value opinion of the whole by mathematical extension
- Analyze the relevant economic conditions at the time of the valuations, including market acceptability of the property and supply, demand, scarcity, or rarity
- Identify any extraordinary assumptions and any hypothetical conditions necessary in the assignment; and
  - o An extraordinary assumption may be used in an assignment only if:
    - It is required to property develop credible opinions and conclusions
    - The appraiser has a reasonable basis for the extraordinary assumption
    - Use of the extraordinary assumption results in a credible analysis; and
    - The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions
  - o A hypothetical condition may be used in an assignment only if:
    - Use of the hypothetical condition is clearly required for legal purposes, for purposes or reasonable analysis, or for purposes of comparison
    - Use of the hypothetical condition results in a credible analysis; and
    - The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions
- Determine the scope of work necessary to produce credible assignment results in accordance with the Scope of Work Rule

### Standards Rule 6-3

When necessary for credible assignment result, and appraiser must:

- In appraising real property, identify and analyze the effect on use and value of the following factors: existing land use regulations, reasonable probable modifications of such regulations, economic supply and demand, they physical adaptability of the real estate, neighborhood trends, and highest and best use of the real estate
  - o This requirement sets forth a list of factors that affect use and value. In considering neighborhood trends, an appraiser must avoid stereotyped or biased assumptions relating to race, age, color, gender, or national origin or an assumption that race, ethnic, or religious homogeneity is necessary to maximize value in a neighborhood. Further, an appraiser must avoid making an unsupported assumption or premise about neighborhood decline, effective age, and remaining life. In considering highest and best use, an appraiser must develop the concept to the extent required for a proper solution to the appraisal problem.
- In appraising personal property, identify and analyze the effects on use and value of industry trends, value-in-use, and trade level of personal property. Where applicable, identify the effect of highest and best us by measuring and analyzing the current use and alternative uses to encompass what is profitable, legal, and physically possible, as relevant to the type and definition of value and intended use of the appraisal. Personal property has several measurable marketplaces; therefore, the appraiser must define and analyze the appropriate market consistent with the type and definition of value.
  - o The appraiser must recognize that there are distinct levels of trade and each may generate its own data. For example, a property may have a difference value at a wholesale level of trade, a retail level of trade, or under various auction conditions. Therefore, the appraiser must analyze the subject property within the correct market context.

### Standards Rule 6-4

In developing a mass appraisal, an appraiser must:

- Identify the appropriate procedures and market information required to perform the appraisal including all physical, functional, and external market factors as they may affect the appraisal
  - o Such efforts customarily include the development of standardized data collection forms, procedures, and training materials that are used uniformly on the universe of properties under consideration
- Employ recognized techniques for specifying property valuation models
  - o The formal development of a model in a statement or equation is called model specification. Mass appraisers must develop mathematical models that, with reasonable accuracy, represent the relationship between property value and supply and demand factors, as represented by quantitative and qualitative property characteristics. The models may be specified using the cost, sales comparison, or income approaches to value. The specification format may be tabular, mathematical, linear, nonlinear, or any other structure suitable for representing the observable property characteristics. Appropriate approaches must be used in the appraising a class of properties. The concept of recognized techniques applies to both real and personal property valuation models.



- Employ recognized techniques for calibrating mass appraisal models
  - o Calibration refers to the process of analyzing sets of property and market data to determine the specific parameters of a model. The table entries in a cost manual are examples of calibrated parameters, as well as the coefficients in a linear or nonlinear model. Models must be calibrated using recognized techniques, including but not limited to, multiple linear regression, nonlinear regression, and adaptive estimation.

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- Employ recognized techniques for calibrating mass appraisal model data to determine the specific parameters of a model. The table entries in a cost manual are examples of calibrated parameters, as well as the coefficients in a linear or nonlinear model. Models must be calibrated using recognized techniques, including but not limited to, multiple linear regression, nonlinear regression, and adaptive estimation.

#### Standards Rule 6-5

In developing a mass appraisal, when necessary for credible assignment results, an appraiser must:

- Collect, verify, and analyze such data as are necessary and appropriated to develop:
  - o The new cost of the improvements
  - o Accrued depreciation
  - o Value of the land by sales of comparable properties
  - o Value by capitalization of income or potential earnings i.e., rentals, expenses, interest rates, capitalization rates, and vacancy data
    - This Standards Rule requires appraisers engaged in mass appraisal to take reasonable steps to ensure that the quantity and quality of the factual data that are collected are sufficient to produce credible appraisals. For example, in real property, where applicable and feasible, systems for routinely collecting and maintain ownership, geographic, sales, income and expense, cost, and property characteristics data must

be established. Geographic data must be contained in as complete set of cadastral maps as possible, compiled according to current standards of detail and accuracy. Sales data must be collected, confirmed, screened, adjusted, and filed according to current standards of practice. The sales file must contain, for each sale, property characteristic data that are contemporaneous with the date of sale. Property characteristics data must be appropriate and relevant to the mass appraisal models being used. The property characteristics data file must contain data contemporaneous with the date of appraisal including historical data on sales, where appropriate and available. The data collection program must incorporate a quality control program, including checks and audits of the data to ensure current and consistent records.

- Base estimate of capitalization rates and projections of future rental rates and/or potential earnings capacity, expenses, interest rates, and vacancy rates on reasonable and appropriate evidence.
  - o This requirement calls for an appraiser, in developing income and expense statements and cash flow projections, to weigh historical information and trends, current market factors affecting such trends, and reasonably anticipated events, such as competition from developments either planned or under construction
- Identify and, as applicable, analyze terms and conditions of any available leases; and
- Identify the need for an extent of any physical inspection

#### Standard Rule 6-6

When necessary for credible assignment results in applying a calibrated mass appraisal model an appraiser must:

- Value improved parcels by recognized methods or techniques based on the cost approach, the sales comparison approach, and income approach
- Value sites by recognized methods or techniques; such techniques include by are not limited to the sales comparison approach, allocation method, abstraction method, capitalization of ground rent, and land residual technique
- When developing the value of a leased fee estate or a leasehold estate, analyze the effect on value, if any, of the terms and conditions of the lease.
  - o In ad valorem taxation the appraiser may be required by rules or law to appraise the property as if in fee simple, as though unencumbered by existing leases. In such cases, market rent would be used in the appraisal, ignoring the effect of the individual, actually contract rents.
- Analyze the effect on value, if any, of the assemblage of the various parcels, divided interests, or component parts of a property; the value of the whole must not be developed by adding together the individual values of the various parcels, divided interests, or component parts; and
  - o When the value of the whole has been established and the appraiser seeks to value a part, the value of any such part must be tested by reference to appropriate market data and supported by an appropriate analysis of such data.
- When analyzing anticipated public or private improvements, located on or off the site, analyze the effect on value, if any, of such anticipated improvements to the extent they are reflected in market actions

### Standards Rule 6-7

In reconciling a mass appraisal an appraiser must:

- Reconcile the quality and quantity of data available and analyzed within the approaches used and the applicability or suitability of the approaches used; and
- Employ recognized mass appraisal testing procedures and techniques to ensure that standards of accuracy are maintained
  - o It is implicit in mass appraisal that even when property specified and calibrated mass appraisal models are used, some individual value conclusions will not meet standards of reasonableness, consistency, and accuracy. However, appraisers engaged in mass appraisal have a professional responsibility to ensure that, on an overall basis, models produce value conclusions that meet attainable standards of accuracy. This responsibility requires appraisers to evaluate the performance of models, using techniques that may include but are not limited to, goodness-of-fit statistics, and model performance statistics such as appraisal-to-sale ratio studies, evaluation of hold-out samples, or analysis of residuals

### Standards Rule 6-8

A written report of a mass appraisal must clearly communicate the elements, results, opinions, and value conclusions of the appraisal.

Each written report of a mass appraisal must:

- Clearly and accurately set forth the appraisal in a manner that will not be misleading
- Contain sufficient information to enable the intended users of the appraisal to understand the report properly
  - o Documentation for a mass appraisal for ad valorem taxation may be in the form of (1) property records, (2) sales ratios and other statistical studies, (3) appraisal manuals and documentation, (4) market studies, (5) model building documentation, (6) regulations, (7) statutes, and (8) other acceptable forms
- Clearly and accurately disclose all assumptions, extraordinary assumption, hypothetical conditions, and limiting conditions used in the assignment
  - o The report must clearly and conspicuously:
    - State all extraordinary assumptions and hypothetical conditions; and
    - State that their use might have affected the assignment results
- State the identity of the client and any intended users, by name or type
- State the intended use of the appraisal
- Disclose any assumptions or limiting conditions that result in deviation from recognized methods and techniques or that affect analyses, opinions, and conclusions
- Set forth the effective date of the appraisal and the date of the report
  - o In ad valorem taxation the effective date of the appraisal may be prescribed by law. If no effective date is prescribed by law, the effective date of the appraisal, if not stated, is presumed to be contemporaneous with the data and appraisal conclusions

- The effective date of the appraisal establishes the context for the value opinion, while the date of the report indicates whether the perspective of the appraiser on the market or property use conditions as the effective date of the appraisal was prospective, current, or retrospective
- Reiteration of the date of the report and the effective date of the appraisal at various stages of the report in tandem is important for the clear understanding of the reader whenever market or property use conditions on the date of the report are different from such conditions on the effective date of the appraisal
- State the type and definition of value and cite the source of the definition
  - Stating the type and definition of value also requires any comments needed to clearly indicate to intended users how the definition is being applied
  - When reporting on an opinion of market value, state whether the opinion of value is:
    - In terms of cash or financing terms equivalent to cash; or
    - Based on non-market financing with unusual conditions or incentives
  - When an opinion of market value is not in terms of cash or based on financing terms equivalent to cash, summarize the terms of such financing and explain their contributions to or negative influence on value
- Identify the properties appraised including the property rights
  - The report documents the sources for location, describing and listing the property. When applicable, include references to legal descriptions, addresses, parcel identifiers, photos, and building sketches. In mass appraisal this information is often included in property records. When the property rights to be appraised are specified in a statute or court ruling, the law must be referenced
- Describe the scope of work used to develop the appraisal; exclusion of the sales comparison approach, cost approach, or income approach must be explained work
  - Because intended user's reliance on an appraisal may be affected by the scope of work, the report must enable them to be properly informed and not misled. Sufficient also include disclosure of research and analyses not performed.
  - When any portion of the work involves significant mass appraisal assistance, the appraiser must describe the extent of that assistance. The signing appraiser must also state the name(s) of those providing the significant mass appraisal assistance in the certification, in accordance with SR 6-9
- Describe and justify the model specification(s) considered, data requirements, and the model(s) chosen
  - The appraiser must provide sufficient information to enable the client and intended users to have confidence that the process and procedures used conform to accepted methods and result in credible value conclusions. In the case of mass appraisal for ad valorem taxation, stability and accuracy are important to the credibility of value opinions. The report must include a discussion of the rationale for each model, the calibration techniques to be used, and the performance measures to be used.

- Describe the procedure for collecting, validating, and reporting data
  - o The report must describe the sources of data and the data collection and validation processes. Reference to detailed data collection manuals must be made, as appropriate, including where they may be found for inspection
- Describe calibration methods considered and chosen, including the mathematical form of the final model(s); describe how value conclusions were reviewed, and, if necessary, describe the availability of individual value conclusions
- When an opinion of highest and best use was developed, discuss how that opinion was determined
  - o The mass appraisal report must reference case law, statute, or public policy that describes highest and best use requirements. When actual use is the requirement, the report must discuss how use-value opinions were developed. The appraisers reasoning in support of the highest and best use opinion must be provided in depth and detail required by its significance to the appraisal
- Identify the appraisal performance tests used and set forth the performance measures attained
- Describe the reconciliation performed, in accordance with standards Rule 6-7; and
- Include a signed certification in accordance with Standards Rule 6-9

#### Standards Rule 6-9

Each written appraisal review report must contain a signed certification that is similar in content to the following form:

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

- ◆ The statements of fact contained in this report are true and correct.
- ◆ The reported analyses, opinions, and conclusions 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 the specified) present or prospective interest in the property that is the subject of this report, and I have no (or the specified) personal interest with respect to the parties involved.
- ◆ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ◆ My compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ◆ My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with Uniform Standards of Professional Appraisal Practice.
- ◆ I have (or have not) made a personal inspection of the properties that are the subject of this report. (If more than one person signs the report, this certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)
- ◆ No one provided significant mass appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant mass appraisal must be stated.)

The above certification is not intended to disturb an elected or appointed assessors work plans or oaths of office. A signed certification is an integral part of the appraisal report. An appraiser, who signs any part of the mass appraisal report, including a letter of transmittal, must also sign this certification.

In an assignment that includes only assignment results developed by the real property appraiser(s), any appraiser(s) who signs a certification accepts full responsibility for all elements of the certification, for the assignment results, and for the contents of the appraisal report. In an assignment that includes personal property assignment results not developed by the real property appraiser(s), any real property appraiser(s) who signs a certification accepts full responsibility for the personal property elements of the certification, for the personal property assignment results, and for the personal property contents of the appraisal report.

In an assignment that includes only assignment results developed by the personal property appraiser(s), any appraiser(s) who signs a certification accepts full responsibility for all elements of the certification, for the assignment results, and for the contents of the appraisal report. In an assignment that includes real property assignment results not developed by the personal property appraiser(s), any personal property appraiser(s) who signs a certification accepts full responsibility for the personal property elements of the certification, for the personal property assignment results, and for the personal property contents of the appraisal report.

When signing appraiser(s) has relied on work done by others who do not sign the certification, the signing appraiser is responsible for the decision to rely on their work. The signing appraiser(s) is required to have a reasonable basis for believing that those individuals performing the work are competent and that their work is credible.

The names of individuals providing significant mass appraisal assistance who do not sign a certification must be stated in the certification. It is not required that the description of their assistance be contained in the certification, but disclosure of their assistance is required in accordance with SR 6-8.