

ROBERTSON COUNTY APPRAISAL DISTRICT

PLAN FOR PERIODIC REAPPRAISAL

2015/2016

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and Documents 3A, 3B, 3C and 3D from Capitol Appraisal Group

**Eagle Appraisal Consulting Reappraisal Plan for 2015-2016 and Land
Valuation Information**

EXECUTIVE SUMMARY

TAX CODE REQUIREMENT:

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

- (i) 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 Section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer 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 hearings, make any 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 sixty (60) days of the approval date.

Plan for Periodic Reappraisal Requirement:

Senate Bill 1652 amends Section 25.18, Subsections (a) and (b) to read as follows:

- (a) Each appraisal office shall implement the Plan for Periodic Reappraisal of property approved by the board of directors under Section 6.05(i).
- (b) The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every three years:
 - 1. identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;
 - 2. identifying and updating relevant characteristics of each property in the appraisal records;
 - 3. defining market areas in the district;
 - 4. identifying property characteristics that affect property value in each market area, including:
 - a. the location and market area of property;
 - b. physical attributes of property, such as size, age, and condition;

- c. legal and economic attributes; and
 - d. easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;
5. developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;
 6. applying the conclusions reflected in the model to the characteristics of the properties being appraised; and
 7. reviewing the appraisal results to determine value.

SCOPE OF RESPONSIBILITY

The Robertson County Appraisal District has prepared and published this reappraisal plan and appraisal report to provide the Board of Directors, taxing entities, and taxpayers with a better understanding of the district's responsibilities and activities.

The Robertson 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. The Board of Directors, elected by the taxing units within the boundaries of Robertson 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 administration for all taxing entities in the county. The taxing entities are as follows:

ROBERTSON COUNTY	ROBERTSON COUNTY ESD
BREMOND ISD	CITY OF BREMOND
FRANKLIN ISD	CITY OF FRANKLIN
HEARNE ISD	CITY OF HEARNE
CALVERT ISD	CITY OF CALVERT
MUMFORD ISD	
BRYAN ISD	
LEON ISD	
GROESBECK ISD	

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, courts, water and sewer systems, 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 appraisal district also determines eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, charitable or religious organizations and agricultural productivity valuation.

Except as otherwise provided by the Property Tax Code, all taxable property is appraised at its "market value" as of January 1 of the tax year. Under the tax code, "market value" is defined as 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 seller and the buyer 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 seller and buyer seek to maximize their gains and neither is in a position to take advantage of the other.

The Texas 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, nominal (sec. 23.18) or restricted use properties (Sec. 23.83) and allocation of interstate property (Sec. 23.03). The owner of real property inventory may elect to have the inventory appraised at its market value as of September 1st of the year preceding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1st.

The Texas Property Tax Code, under Section 25.18, requires each appraisal office to implement a plan to update appraised values for real property at least once every three years. The district's policy is to conduct a general reappraisal of taxable property every year. Appraised values are reviewed annually and are subject to change. Tax year 2015 and tax year 2016 are reappraisal years.

The appraised value of real estate is calculated using specific information about each property. Using computer-assisted mass appraisal programs and recognized appraisal methods and techniques, the appraisal district compares that information with the data for similar properties and with recent cost and market data. The district follows the standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures, and subscribes to the standards promulgated by the Appraisal Foundation, known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable.

PERSONNEL RESOURCES

The office of the Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling of the appraisal district operations.

The district's appraisers are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Department of Licensing and Regulations.

The appraisal district staff consists of 8 employees of which these three have the following classifications:

- * NANCY COMMANDER RPA/RTA
- * RHONDA GARCIA RTA
- * DAWN SPILLER, RPA

All personnel that are performing appraisal work are registered with the Texas Department of Licensing and Regulation and are required to take appraisal courses to

achieve the status of Registered Professional Appraiser within five years of employment as an appraiser. After they are awarded their license, they must receive additional training as required to maintain certification. Failure to meet these minimum standards results in termination of employment.

Additionally, the chief appraiser ensures that personnel receives on-the-job training to ensure quality and uniformity of appraisals of all types of property and monitors appraisal activity to ensure that standardized appraisal procedures are being followed by all personnel.

REVALUATION DECISION (REAPPRAISAL CYCLE):

The ROBERTSON CAD, by policy adopted by the Board of Directors and the Chief Appraiser, reappraises all property in the district every three years. The reappraisal may consist of field inspections, CAMA, or both. The reappraisal cycle is a complete appraisal of all properties in the district. Tax year 2015 is a reappraisal year and tax year 2016 is a reappraisal year. Each cycle, Notices of Appraised Value are mailed to all property owners with a value change of \$1,000 or more and any property with an ownership change.

Additionally, every tax year the District inspects and appraises new construction and adds those properties to the appraisal roll. The district also inspects and reappraises properties that have been remodeled or demolished, properties with additions, properties with fire damage, or properties with any change or damage. These changes are found through building permits issued by the city. However, since building permits are not required for properties outside the city limits, District staff maintains a file of newspaper clippings that pertain to changes in property and all District staff remains alert to visual changes in properties. Throughout the year, notes are made on those visual changes and all information is provided to the field appraiser. The field appraiser will also conduct detailed field inspections of properties if requested by the owner and reappraise these properties as necessary. Notices of Appraised Value are mailed to all property owners each year.

Eagle Appraisal and Consulting Services compiles all sales by school district. Problematic areas are further researched and may indicate the use of market modifiers. The use of these modifiers is the predominant method of adjusting sales for location and time. Values throughout the county may be adjusted by use of market modifiers during the reappraisal year.

PERFORMANCE ANALYSIS:

Performance Analysis – the equalized values from the previous tax year are analyzed with ratio studies to determine the appraisal accuracy and appraisal uniformity overall and by market area within property reporting categories. Ratio studies are conducted in compliance with the current *Standard on Ratio Studies* of the International Association of Assessing Officers. Mean, median, and weighted ratios are calculated for properties in reporting categories to measure the level of appraisal accuracy. The mean ratio is calculated in each reappraised category to indicate the level of appraisal accuracy by property reporting category. In 2015, the reappraisal year, this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance. In 2016, the reappraisal year, this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance. In 2015 and 2016, any reporting category that may have been excluded from reappraisal due to lack of data to support reappraisal will be tested and analyzed to arrive at an indication of uniformity or equity of existing appraisals.

Sales ratio studies are used to evaluate the District's mass appraisal performance. These studies not only provide a measure of performance, but also are an excellent means of improving mass appraisal performance. The District uses ratio studies not only to aid in the reappraisal of properties, but also to test the State Comptroller's Property Tax Division Annual Property Value Study results.

Eagle Appraisal and Consulting Services usually begins ratio studies in late January or early February, with all sales reports being compiled by school district. Within the boundaries of the districts, the ratios are analyzed to identify comparable neighborhoods. Outliers and questions that were not identified in the field are reviewed and analyzed. Field cards indicating the results of field inspections of the sold properties are available for each individual sale to further aid in making decisions regarding outliers.

Outliers are characterized as having low or high ratios. They can result from an erroneous or unrepresentative sale price, an error in the appraisal, or a mismatch between the property sold and the property appraised.

Remaining sales are then correlated to indicate comparable neighborhoods within each school district. The sales from each comparable neighborhood are grouped (stratified) according to classification. The median ratio indicated by the sales is then compared to the desired ratio. The coefficient of dispersion is also studied to indicate how tight the ratios are in relation to the measures of central tendency. The median and coefficient of dispersion are good indicators of the types of changes to be made if any are necessary. The use of market modifiers is the predominant method of adjusting sales for location and time to indicate market values. Market modifiers are methods of adjusting property to equal the market without changing the schedules.

ANALYSIS OF AVAILABLE RESOURCES:

Staffing and budget requirements for tax year 2015 are detailed in the 2015 budget, as adopted by the Board of Directors of the Robertson County Appraisal District, and attached to the written biennial plan by reference. This reappraisal plan is adjusted to reflect the available staffing in tax year 2015 and anticipated staffing for tax year 2015 or tax year 2016. Budget restraints can impact the cycle of real property re-inspection and personal property on-site review that can be accomplished in the 2015-2016 time period.

Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current. In the reappraisal year, real property appraisal depreciation tables are tested against verified sales data to ensure they represent current market data. Personal property density schedules are tested and analyzed based on renditions and prior year documentation. Due to lack of sales of personal property in the district, the Comptroller's Guide is utilized to appraise personal property and for testing and analysis purposes.

Information Systems (IS) support is detailed and system upgrades are scheduled. Existing maps and data requirements are continually updated and kept current.

The Texas Legislature amended the appraisal review board appeal process by allowing arbitration in addition to filing suit in District Court with certain limitations. It is anticipated that the number of arbitration requests will increase as the public becomes more informed of this option. Time and effort expended on arbitration cases is a good indicator that additional recourses as well as an increase in staffing may become necessary as the arbitration process evolves.

All appraisal companies may face arbitration or lawsuits in any appraisal year.

Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current are specified. Current cost schedules for residential and commercial real properties are derived and updated from Marshall and Swift Valuation Service. Marshall and Swift Valuation Service is a national based cost manual and is generally accepted throughout the nation by the real estate appraisal industry. In a

reappraisal year, real property appraisal depreciation tables and cost new tables are tested against verified sales data to ensure they represent current market data. Personal property density schedules are tested and analyzed based on rendition and prior year protest hearing documentation. Changes in legislation involving appraisal districts may occur in 2015 when the legislature is called into session. These new laws may require adjustments to the budget, staffing, and programming.

PLANNING AND ORGANIZATION:

A calendar of key events with critical completion dates is prepared for each area of work. This calendar identifies key events for appraisal, clerical, customer service, and information systems. A calendar is prepared for tax years 2015 and 2016. Production standards for field activities are calculated and incorporated in the planning and scheduling process.

Eagle Appraisal & Consulting Services will begin the field inspections in September of 2014 and will complete all inspections and schedules by April 1, 2015 for the 2015 tax year.

Eagle Appraisal & Consulting Services will begin the field inspections in September of 2015 and will complete all inspections and schedules by April 1, 2016 for the 2016 tax year.

MASS APPRAISAL SYSTEM:

Computer Assisted Mass Appraisal (CAMA) system revisions are completed by the Information Systems Software Provider. System revisions and procedures are performed by the Provider. Robertson County Appraisal District contracted with the firm of Capitol Appraisal Group for these services.

Appraisal information for each area of work, maps for each area of work, and appraisal cards showing sketches and pictures of the properties included in the area of work will be provided by the District to the field appraisers.

The District anticipates devoting some programming time to allow for the development of new reports to help manage and edit the information provided by the field appraisers.

Real Property Valuation

Revisions to cost models, income models, and market models are specified, updated, and tested each tax year.

Cost schedules are tested with market data (sales) to insure that the appraisal district is in compliance with Texas Property Tax Code, Section 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 recognized industry leaders, such as Marshall & Swift.

Land schedules are updated using current market data (sales) and then tested with ratio study tools. Value schedules are developed and tested on a pilot basis with ratio study tools.

Personal Property Valuation

Density schedules are tested using data received during the previous tax year from renditions and hearing documentation. Valuation procedures are reviewed, modified as needed, and tested. The latest edition of the Comptroller's Guide is utilized heavily in the appraisal of personal property in the district.

Noticing Process

25.19 appraisal notice forms are provided by the IS Provider. The Provider reviews and edits for updates and changes required by legislative mandates. The district publishes, in the local newspaper, information about the notices and how to protest. The district makes available the latest copy of the Comptroller's pamphlet *Taxpayer's Rights, Remedies, and Responsibilities*.

Hearing Process

Protest hearing scheduling for informal and formal Appraisal Review Board hearings is reviewed and updated as required. Standards of documentation are reviewed and amended as required. The appraisal district hearing documentation is reviewed and updated to reflect the current valuation process and requirements. Compliance with House Bill 201 is insured.

District staff conducts the initial informal hearing with a protesting property owner. If the protest cannot be settled within the guidelines set out for District staff, and informal hearing appointment is set for a meeting between the protesting property owner and staff members of Eagle Appraisal and Consulting Services. If valuation issues are not agreed upon at this level, the protesting property owner may elect to proceed to a formal hearing.

Evidence in compliance with HB 201 may be requested by the property owner or the property owner's agent and will be made available at least 14 days prior to the scheduled protest hearing.

DATA COLLECTION REQUIREMENTS:

Robertson County Appraisal District cost and value schedules include land, residential improved, commercial improved, and personal property. Data sources currently used by the District include cost information from Marshall and Swift Valuation Service, cost data obtained from local contractors, and renditions provided by the property owners. Marshall and Swift Valuation Service is a national based cost manual and is generally accepted throughout the nation by the real estate appraisal industry. This cost manual is based on cost per unit or square foot and also uses the unit in place method. The unit in place method involves the estimated cost by using actual building components. This national based cost information service provides the base price of buildings by classification with modifications for equipment and additional items. The District's schedule is then modified for time and location.

Field and office procedures are reviewed and revised as required for data collection. Activities for each tax year include new construction, demolition, remodeling, re-inspection of problematic market areas, re-inspection of the universe of properties on a specific cycle, and field or office verification of sales data and property characteristics. On properties that have transferred ownership, the District will verify the sales price and individual property characteristics as of the date of the sale through field inspection and office research.

Renditions are confidential sources and cannot be used for specific information. However, data from renditions may be compared with data obtained from cost manuals and used to test schedules for accuracy.

Data on individual properties is also collected from the field, compiled, and analyzed. Buildings and other improvements are inspected in the field, measured, and classified. The appraiser estimates the age and condition of the improvements. This data is used to compile depreciation tables. Any notes pertaining to the improvements are made during inspection.

Land Analysis

Residential 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 and competing land under similar usage. A comparison and analysis of comparable land sales is conducted based on a comparison of land characteristics found to influence the market price in the neighborhood. Computerized land tables store the information required to consistently value individual parcels within neighborhoods given

known land characteristics. Specific land influences are considered, where necessary, and depending on neighborhood and individual lot or tract characteristics, to adjust parcels outside the neighborhood norm for such factors as access, view, shape, size, and topography. The appraisers use abstraction and allocation methods to insure 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 locational 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 private vendors and public sources and provide the filed 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 IAAO classes and other approved classes.

Neighborhood and Market Analysis

Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. Residential valuation and neighborhood analysis is conducted on various market areas within the district. Analysis of comparable market sales forms the basis of estimating market activity and the level of supply and demand affecting market prices for any given market area.

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable 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. This is due, in part, to the fact that residential development, in many areas, through use of deed restrictions and zoning, precludes other land uses. Residential valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In transition areas with ongoing gentrification, the appraiser reviews the existing residential property use and makes a determination regarding highest and best use. Once the conclusion

is made that the highest and best use remains residential, further highest and best use analysis is done to decide the type of residential use on a neighborhood basis. In areas of mixed residential and commercial use, the appraiser reviews properties in these areas on a periodic basis to determine if changes in the real estate market require reassessment of the highest and best use of a select population of properties.

New Construction/Demolition

The appraisers performing reappraisals in the field have field cards that contain specific information regarding the property being appraised. These cards contain brief legal descriptions, ownership interests, property use codes, property addresses, land size, and sketches of improvements as well as detailed information of any improvements.

Appraisal field inspections require the appraisers to check all information on the field cards and to update the information when necessary.

New construction field and office review procedures are identified and revised as required. Sources of building permits are confirmed. The Cities of Hearne, Calvert, Bremond and Franklin provide a listing of permits issued during the previous year. Additionally, the local newspaper's articles are kept throughout the year for reference purposes.

Local contractors and builders are another source of cost data utilized by the District. Local contractors provide cost data on new structures that is compared to cost information obtained from Marshall Swift Valuation.

Remodeling

Properties with extensive improvement remodeling are identified and field inspections are scheduled to update property characteristic data. Permits issued by the city and visual sightings by District staff are key components in this area. Copies of permits are provided by the District to the field appraiser. Notes made throughout the year as remodeling projects are observed are provided by the District to the field appraiser.

Re-inspection of Problematic Market Areas

Real property market areas, by property classification, are tested for low or high ratio sales and/or high coefficients of dispersion. Market areas that fail any or all of these tests are determined to be problematic. Field inspections

are scheduled to verify and/or correct property characteristic data. Additional sales data is researched and verified.

Re-inspection of the Universe of Properties

The International Association of Assessing Officers' *Standard on Mass Appraisal of Real Property*, specifies that the universe of properties should be re-inspected on a cycle of 3 years. The re-inspection includes physically viewing the property, photographing, and verifying the accuracy of the existing data. The field appraiser has an appraisal card of each property to be inspected and makes notes of changes, depreciation changes, remodeling, additions, etc. The annual re-inspection requirements for tax years 2015 and 2016 are identified and scheduled in the written reappraisal plan.

Field or Office Verification of Sales Data and Property Characteristics

Sales information is received from various sources. These sources include conversations with local real estate appraisers, agents, and brokers. Also, from deed transactions, the District mails out sales surveys to sellers and purchasers in an effort to obtain additional sales information that may not be otherwise discovered.

These sales are compared to the existing data on the field cards and changes are made as indicated. These changes include age and condition as well as any improvements made to the property before the sale takes place. When sales information indicates a difference in the improvement's square footage, the buildings are remeasured.

Sales information must be verified and property characteristic data contemporaneous with the date of sale captured. The sales ratio tools require that the property that sold must equal the property appraised in order that statistical analysis results will be valid.

PILOT STUDY BY TAX YEAR:

New and/or revised mass appraisal models are tested each tax year. Ratio studies, by market area, are conducted on proposed values each tax year. Proposed values on each category are tested for accuracy and reliability. Actual test results are compared with anticipated results and those models not performing satisfactorily are refined and retested. The procedures used for model specification and calibration are in compliance with USPAP, STANDARD RULE 6.

Residential valuation schedules are cost-based tables modified by actual sales with the cost reflecting the actual replacement cost new of the subject property, market research indicates that the common unit of comparison for new residential construction as well as sales of existing housing is the price paid per square foot. The value of extra items is based on their contributory value to the property. This value may be estimated by the price per square foot or a value of the item as a whole. This data is extracted from the market by paired sales analysis and conversations with local appraisers and brokers. These schedules are formulated from the Marshall and Swift Valuation Service Residential Handbook.

The residential schedule is based on quality of construction, size of structure, condition of structure, contributory value of extra items, and land value. Each of these variables has a direct impact on the cost as well as the value of a property. Following is an example of each of the variables and how they may affect market value.

1. **Quality of construction:** Residential construction may vary greatly in quality of construction. The type of construction affects the quality and cost of the material used, the quality of the workmanship, as well as the attention paid to detail. The cost and value of residential property will vary greatly, depending on the quality of construction. The District's Appraisal Manual contains an expanded description of classifications used and is attached by reference.
2. **Size of structure:** The size of a building also has a direct impact on its cost as well as its value. The larger the building, the less the cost per square foot. The District's schedules are graduated in size increments, depending on market conditions. Marshall and Swift Valuation Service also supports this size factor. The District's Appraisal Manual contains an expanded description of size increments and square footage breakdown's and is attached by reference.
3. **Condition of improvements:** The District rates conditions as very poor, poor, fair, average, good, very good, and excellent. Upon physical inspection appraisers, using their own judgment of age and condition of the structure, applies a depreciation factor. This factor is based generally on one (1) percent for each two years of age. Properties that, in the opinion of the appraisers, are unlivable are not appraised according to the schedule. Rather, they are appraised at salvage value or are marked as no value at all.
4. **Age of Structure:** The District's field appraiser assigns an approximate effective age. This method is supported by conversations with local appraisers and builders who estimate the economic life of residential properties to be approximately 50 years. Properties in the age 51 and over bracket are given the maximum amount of depreciation unless remodeling or very good upkeep has allowed the structure to maintain a longer life. The effective age and

chronological age may or may not be the same depending on the condition of the structure. This depreciation factor is generally based on one (1) percent for each two years of age.

5. **Extra items:** Extra items are valued according to their contributory value to the whole. Examples of extra items include covered porches, patios, screened or enclosed porches, storage buildings, swimming pools, etc. The District's Appraisal Manual contains more specific information regarding extra items and is attached by reference.
6. **Land Value:** The District values land based on market transactions. Units of comparison depend on how the property is purchased and marketed. Large acreage tracts are usually purchased based on the price per acre. Commercial tracts are purchased based on the price per square foot, and residential properties are purchased based on price per front foot. Depth factors are used to modify values according to market indicators. Land prices vary throughout the District, therefore, their values are dependent upon homogenous areas. Land schedules for residential, commercial, agricultural, and industrial properties are available upon request from the District.

Inspections of property are made by exterior perspective, so the interior finish as well as interior components are assumed and are not adjusted. All financing for comparable sales is considered typical to the market. The final estimate of value is a correlation of the comparable sales after net adjustments have been deducted from the sales price to equal the subject property. The value by this method is estimated by the appraiser and is not a function of the computer.

VALUATION BY TAX YEAR:

Using market analysis of comparable sales and locally tested cost data, market area specific income and expense data, valuation models (Cost Per Square Foot Schedules) are specified and calibrated in compliance with supplemental standards from the International Association of Assessing Officers and the Uniform Standards of Professional Appraisal Practice. The calculated values are tested for accuracy and uniformity using ratio studies. Performance standards are those as established by the *IAAO Standard on Ratio Studies*. Property values in all market areas are updated each reappraisal year. Tax year 2015 is a reappraisal year. Tax year 2016 is a reappraisal year. *Note: The district will describe its valuation methods by property types.*

RESIDENTIAL REAL PROPERTY

Sales Comparison Approach to Value

Cost Approach to Value

Income Approach to Value

SPECIAL INVENTORY RESIDENTIAL PROPERTY

Sales Comparison Approach to Value

Cost Approach to Value

Income Approach to Value

MULTIFAMILY RESIDENTIAL PROPERTY

Sales Comparison Approach to Value

Cost Approach to Value

Income Approach to Value

COMMERCIAL REAL PROPERTY

Sales Comparison Approach to Value

Cost Approach to Value

Income Approach to Value

VACANT REAL PROPERTY

Sales Comparison Approach to Value

Cost Approach to Value

Income Approach to Value

INDUSTRIAL REAL PROPERTY

Sales Comparison Approach to Value

Cost Approach to Value

Income Approach to Value

UTILITIES

Sales Comparison Approach to Value

Cost Approach to Value

Income Approach to Value

MINERAL INTEREST

Sales Comparison Approach to Value

Cost Approach to Value

Income Approach to Value

SPECIAL VALUATION PROPERTIES

Agricultural Use

Wildlife Management

Timber Use

BUSINESS TANGIBLE PERSONAL PROPERTY

Sales Comparison Approach to Value

Cost Approach to Value

Income Approach to Value

INDUSTRIAL TANGIBLE PERSONAL PROPERTY

Sales Comparison Approach to Value

Cost Approach to Value

Income Approach to Value

Sales Comparison Approach to Value

The sales comparison approach to value is utilized by grouping or clustering sales within the specified neighborhoods and classification of properties. The sales are then tested against appraised values to indicate a ratio for the neighborhood. A neighborhood is a grouping of complementary land uses affected equally by the four forces that influence property value: social trends, economic circumstances, governmental contracts and regulations, and environmental conditions. These factors have an impact on the value of properties within this grouping and in turn on properties being appraised.

Individual neighborhood boundaries within the District vary according to market indications and the type of property being appraised. The boundaries of these neighborhoods may be physical, geographical, or political in nature. Generally, residential neighborhoods consist of individual subdivisions or clusters of subdivisions that contain similar properties located within the same school district. Commercial neighborhoods may be smaller areas within a city, an entire city, or rural area. Industrial neighborhoods may include the entire District. Defining neighborhood boundaries depends on the subject of the appraisal assignment.

If sufficient sales are not found, then sales from competing neighborhoods are found and appropriate adjustments are made in the form of market modifiers. These modifiers are applied to cost schedules to indicate mass appraisal values for a given neighborhood. Therefore, the sales comparison approach is actually blended with the cost approach to create a hybrid of these two approaches to value.

Cost Approach to Value:

The District uses a hybrid cost model developed from Marshall and Swift Valuation Service. The cost model categorizes and values property by class, age, condition, and extra items. Depreciation is derived by age/condition and any additional depreciation that may be necessary. Land value is added to indicate a

preliminary market value for like properties within the subject neighborhoods. After cost schedules, depreciation, and land values are applied, then a market modifier may be necessary to adjust the values to actual market conditions. These modifiers apply to improvements only and do not adjust land values. Therefore, the cost approach to value is actually a hybrid of the sales comparison and cost approaches to value.

Income Approach to Value:

The income approach to value or rent multipliers are currently not a reliable indicator of value for residential mass appraisal reports unless rents are specified. Databases or data sources for income producing residential properties are not available in the Robertson County area. Therefore, the income approach to value is not used in the **residential** mass appraisal report but is used for other types of properties.

Additional information concerning approaches to value for specific types of properties, such as minerals, utilities, industrial, railroads, pipelines, industrial personal property, etc. may be found in the Plan provided by the Appraisal Company that performs those appraisals and is attached to this plan by reference.

Special Valuation Process:

Agricultural Use: Market value for agricultural property is established by acceptable appraisal methodology.

The District also values agricultural property by the income approach as set forth in the Texas Property Tax code. This is a special valuation process as there are parameters set forth in the Code regarding capitalization rates. Income and expenses for each different category of agricultural use is estimated from surveys, actual rental data obtained by property owners as well as conversations with local governmental agencies. The formula used is set out by the Texas Property Tax Code and is as follows: $\text{net-to-land (all ag related income streams - all ag related expenses) / cap rate} = \text{ag value}$

THE MASS APPRAISAL REPORT:

Each tax year, the required Mass Appraisal Report is prepared and certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15th). The Mass Appraisal Report is completed in compliance with STANDARD RULE 6 – 8 of the *Uniform Standards of Professional Appraisal Practice*. The signed certification by the Chief Appraiser is compliant with STANDARD RULE 6 – 9 of *USPAP*. This written reappraisal plan is attached to the report by reference.

VALUE DEFENSE:

Evidence to be used by the appraisal district to meet its burden of proof for market value and equity in both informal and formal appraisal review board hearings is specified and tested. *Note: The appraisal district identifies the evidence to be used in informal and formal hearings by property type and the steps to be taken to insure compliance with House Bill 201.*

RESIDENTIAL PROPERTY
SPECIAL INVENTORY RESIDENTIAL PROPERTY
MULTIFAMILY RESIDENTIAL PROPERTY
COMMERCIAL REAL PROPERTY
VACANT REAL PROPERTY
INDUSTRIAL REAL PROPERTY
UTILITIES
MINERAL INTEREST
SPECIAL VALUATION PROPERTIES
BUSINESS TANGIBLE PERSONAL PROPERTY
INDUSTRIAL TANGIBLE PERSONAL PROPERTY

Informal hearings are conducted by phone, mail, or in person by District appraisers. Appraisers may present sales data or data specific to the property in defense of the District values. If the taxpayer wishes to pursue a dispute further, the appraiser or District staff will guide them through the initial phase of the formal protest procedures.

When taxpayers are scheduled for formal hearings, they receive an ARB procedures pamphlet and a copy of the *Taxpayer's Rights, Remedies, and Responsibilities* published by the State Comptroller's office. If protest hearing evidence is requested, the appraisal district has 14 days prior to the protest hearing to make its evidence regarding value disputes available. Information provided, as appropriate, may include but is not limited to: comparable sales and applicable schedules, depreciation tables, a copy of the discount cash flow model developed to calculate the current inventory value, income and expense information derived from the market that has been accumulated and developed into charts containing general data, applicable appraisal reports and research data applicable to the property, etc. **At no time, except as provided by the Texas Property Code, will any confidential income, expense, sales, or other information received from taxpayers on specific accounts be released.**

COMPUTER ASSISTED MASS APPRAISAL SYSTEM

Eagle Appraisal and Consulting Services field appraisers will submit appraisal cards reflecting changes and notes made during the field inspection to appraisal district staff for data entry. Pictures will also be taken by the field appraiser and submitted on a timely basis for downloading by appraisal district staff.

Appraisal district staff will be responsible for entering all name and address changes received by phone, letter, or from the front counter. Staff will also be responsible for entering any exemption changes, as well as any supplemental changes. Staff is responsible for backing up computer files and maintaining changes to the maps.

The software providers are responsible for providing training and assisting appraisal district staff concerning use of existing and new programs.

ARB APPEAL PROCEDURES:

After the Appraisal Review Board hears and determines all timely filed protests, the District mails, by certified mail with return receipt, the ARB orders containing the Board's decision on the protest to the property owners. Property owners have 45 days after receiving a Board Order to either file suit in District Court or to file a request for arbitration. Information on procedures for appealing an ARB order is included in the order along with a Request for Binding Arbitration form.

PLANNING A REAPPRAISAL

Variation in reappraisal requirements requires Robertson County Appraisal District to carefully plan its work before beginning any reappraisal. Although the planning process may vary in specifics, it should involve five (5) basic steps:

1. Assess current performance.
2. Set reappraisal goals.
3. Assess available resources and determine needs.
4. Re-evaluate goals and adjust as necessary.
5. Develop a work plan.

STEPS IN A REAPPRAISAL

The International Association of Assessing Officers (IAAO) textbook, Property Appraisal and Assessment Administration, lists ten steps in a reappraisal. These steps outline those activities performed by Robertson County Appraisal District for the completion of periodic reappraisals. Activities are listed below in the order in which they occur:

1. Performance Analysis:
 - A. ratio study
 - B. equity of existing values
 - C. consistency of values with market activity
2. Revaluation Decision:
 - A. statutory – at least once every three years
 - B. administrative policy
3. Analysis of Available Resources:
 - A. staffing
 - B. budget
 - C. existing practices
 - D. information system support
 - E. existing data and maps
4. Planning and Organization
 - A. target completion dates
 - B. identify performance objectives
 - C. specific action plans and schedules
 - D. identify critical activities with completion dates
 - E. set production standards for field activities
5. Mass Appraisal System:
 - A. forms and procedures revised as necessary
 - B. CAMA (computer assisted mass appraisal) system revisions as required

6. Conduct Pilot Study
 - A. test new/revised appraisal methods as applicable
 - B. conduct ratio studies
 - C. determine if values are accurate and reliable
7. Data Collection
 - A. building permits and other sources of new construction
 - B. check properties that have undergone remodeling
 - C. reinspection of problematic properties
 - D. reinspection of universe of properties on a cyclic basis
8. Valuation:
 - A. market analysis (based on ratio studies)
 - B. schedules development
 - C. application of revised schedules
 - D. calculation of preliminary values
 - E. tests of values for accuracy and uniformity
9. The Mass Appraisal Report
 - A. establish scope of work
 - B. compliance with Standards Rule 6 - 7 of USPAP
 - C. signed certification by the chief appraiser as required by Standards Rule 6-8 of USPAP
10. Value Defense:
 - A. prepare and deliver notices of value to property owners
 - B. hold informal hearings
 - C. schedule and hold formal appeal hearings

Note—the burden of proof (evidence) of market values and equity falls on the appraisal district.

Robertson County Appraisal District Residential, Commercial, Rural, and Personal Property 2015/2016 Reappraisal Plan

This plan for reappraisal was written by Robertson County Appraisal District in conjunction with Eagle Appraisal and Consulting Services, Inc. and utilizes the Eagle Appraisal and Consulting Services, Inc. methodology and is in compliance with USPAP requirements.

Pursuant to Section 25.18 of the Texas Property Tax Code, the Robertson County Appraisal District has established the following reappraisal plan to provide for the reappraisal of all property within the district at least once every three (3) years. The plan establishes a two-fold approach:

1. **Three-Year Cycle:** The CAD is divided into three areas. Each year, all real residential and commercial property within one of the areas will be reappraised or physically inspected, data updated and photographed, regardless of any ratio study/report findings. These areas are identified as follows:
 - a. **Area One:** For the tax year 2015, Abstracts 32 and 46, all properties within the city limits of the cities of Hearne, Calvert, Bremond, Franklin, and Calvert ISD (residential, commercial, industrial and personal properties), any new construction outside the city limits, any improvements outside the city limits which have been remodeled or improved, any improvements outside the city limits which have been identified as being problematic, all mineral and industrial properties outside the city limits, and all industrial personal property outside the city limits.
 - b. **Area Two:** For the tax year 2016, all properties located outside the city limits of the cities of Hearne and Bremond (residential, commercial, industrial, farm land, minerals, personal property, and industrial personal property), Mumford ISD and Groesbeck ISD any new construction within the city limits of the cities of Hearne, Calvert, Bremond, and Franklin, any improvements within the city limits of the cities of Hearne, Calvert, Bremond, and Franklin, which have been remodeled or improved, any properties within the city limits of the Hearne, Calvert, Bremond, and Franklin which have been identified as being problematic, mineral and industrial properties within the city limits

of the cities of Hearne, Calvert, Bremond, and Franklin, industrial personal property within the city limits of the cities of Hearne, Calvert, Bremond, and Franklin, and all personal property within the county boundaries.

c. **Area Three:** For the tax year 2017, all properties located outside the city limits of the city of Franklin (residential, commercial, industrial, farm land, minerals, personal property, and industrial personal property), Leon ISD and Bryan ISD, any new construction within the city limits of the cities of Hearne, Calvert, Bremond, and Franklin, any improvements within the city limits of the cities of Hearne, Calvert, Bremond, and Franklin, which have been remodeled or improved, any properties within the city limits of the Hearne, Calvert, Bremond, and Franklin which have been identified as being problematic, mineral and industrial properties within the city limits of the cities of Hearne, Calvert, Bremond, and Franklin, industrial personal property within the city limits of the cities of Hearne, Calvert, Bremond, and Franklin, and all personal property within the county boundaries.

****Note:** all income producing personal property within the CAD is appraised on an annual basis, regardless of its location.**

2. **Annual Ratio Reports:** In addition to the two year cycle stated above, ratio studies shall be performed annually to determine areas or categories of properties within the CAD which need to be reappraised within the current year based on sales ratios. Any areas or categories whose ratios are above or below statutory requirements shall be reappraised in the current year regardless of the area in which they are located.

3. **Market Areas Defined:** Robertson CAD has specific market areas. Each school district is a market area and each city/town is a market area. Robertson CAD has the following market areas: City of Franklin, Franklin ISD (RURAL), City of Hearne, Hearne ISD (RURAL), City of Calvert, Calvert ISD (RURAL), City of Bremond, Bremond ISD (RURAL), Leon ISD (RURAL), Groesbeck ISD (RURAL), Mumford ISD (RURAL) and Bryan ISD (RURAL).

This three-fold approach will insure not only that all residential and commercial property within the CAD is reappraised at least once every three years, but also that all other categories within the CAD are reviewed annually so that the appraisal district stays current with respect to market value in those areas where residential and/or commercial property values appear to be changing rapidly.

Organization

Field inspections are carried out by the field appraiser as directed by the chief appraiser. The field appraiser physically inspects areas required by the reappraisal cycle, checks all existing data, works building permits, takes photographs of improvements, draws plans of new improvements for entry into computer, rechecks any property on which a question or problem has arisen. Other duties may be required and will be executed upon direction of the chief appraiser.

Data entry of field work notes and sketches is performed by appraisal district staff.

The chief appraiser performs market analysis. Sales data is gathered throughout the year from deed records, sales confirmation letters from property owners, and other sources. The market data is analyzed, sales data is confirmed, outliers are identified, existing classification system is reviewed, market schedules are reviewed and updated as necessary, and final market schedules are applied to the universe of properties.

2015 Reappraisal Schedule

September, 2014:

Begin on-site inspections

Mid December, 2014:

1. Begin planning sales ratio studies for all areas within the CAD.
2. Gather current sales data from sales confirmation letters deed records, and other sources.

January to March, 2015:

1. Mail homestead applications, special-use valuation applications, personal property renditions, exemption applications, and any other required forms.
2. Complete field inspections as provided by the reappraisal plan area.
3. Begin running sales ratio reports. Compare with CAD values and sales information.
4. Continue working with the Comptroller's Office regarding the ratio study.
5. Identify necessary schedule adjustments.
6. Begin update of the USPAP report (Mass Appraisal Report).
7. Begin working renditions.

March through April, 2015:

1. Continue running sales ratio reports.
2. Refine sales analysis and mass appraisal schedules.
3. Statistically test schedules.
4. Complete data entry of all reappraisal and maintenance changes.
5. Assist field appraiser with reappraisal functions as needed.
6. Finalize all field work and data collection activities.
7. Execute mass appraisal/maintenance activities as required.

8. Prepare for mailing 2011 Notices of Value.
9. Mail appropriate letters concerning homesteads, special-use appraisals, etc.
10. Continue working renditions.

May through June, 2015:

1. Mail notices of value.
2. Hold informal hearings.
3. Respond to property owners' inquiries, protests, and questions from notice mailings.
4. Mail notices of ARB hearing appointment letter.
5. Mail protest hearing reminder letters.
6. Provide certified estimated values to taxing units.
7. Hold ARB hearings.
8. Mail ARB certified change/no change orders.
9. Mail appropriate ARB pending decision letters.
10. Mail appropriate penalty letters on non-rendered personal property.

July, 2015:

1. Complete the process of mailing certified ARB orders.
2. Enter into computer all changes as ordered by ARB and notify other CADs if the ordered change falls into an over-lapping area.
3. ARB approval of appraisal records by July 20th.
4. Certification of appraisal records and values to taxing units by July 25th.

**As needed throughout
the year 2015:**

1. Handle any outstanding protests by scheduling ARB hearings.

Additionally, work outside of the appraisal process must be completed on a timely basis. Robertson County Appraisal District is a small district with limited staff, therefore departments are not designated. District staff must complete, in a timely manner, the work assigned by the chief appraiser, deputy chief appraiser, or office/business manager. The work schedule, in addition to the above scheduled calendar, is as follows:

Daily:

1. Back up daily data entries.
2. Tax master maintenance (name, address, legal, value, etc.) data entry.
3. Drawing maintenance data entry.
4. Maintain prorated accounts.
5. Maintain exempt frozen accounts.
6. Mobile home changes data entry.
7. Residential, commercial, personal property, industrial, mineral changes data entry.

8. Agricultural changes data entry.
9. Send appraisal roll changes/tax roll changes to appropriate taxing units, if the changes affect the current tax roll.
10. Download pictures provided by the field appraiser.

Weekly:

1. System backup.
2. PC servers backup.

As Needed:

1. Make changes for supplemental accounts and update tax master.
2. Update previous years' tax masters.
3. Programming changes.
4. Create new reports.
5. Mail letters on properties receiving over-65 exemption where the property owner is now deceased.
6. Homestead letters.
7. Notices of change.
8. Maintain records retention (scan, store, etc.)

While the scope of work is not limited to the scheduled tasks, the District has endeavored to identify the **main** yearly tasks. To further pinpoint scheduled tasks, the following calendar has been implemented for District staff, but the work is not limited to the tasks contained in this calendar:

January, 2015 and 2016:

1. All personal property renditions are mailed.
2. Obtain building permits issued by city and code the appropriate parcel for inspection by a field appraiser.
3. Continue with data entry of completed field work cards.
4. Prepare and key in data on all splits and combines.
5. Prepare monthly reports.
6. Prepare renditions to be mailed.
7. Maintain records management program.
8. Mail various applications.
9. Mail new special-use (agricultural) applications due to change of ownership.
10. Notify the tax assessor/collector of each taxing unit of any changes which require a refund.
11. Hold an ARB meeting to receive the supplemental records, complete the Statement of Officer form, administer Oaths of Office, elect officers, etc.
12. Prepare and have available for inspection by the BOD and the ARB the 25.25b change reports.
13. Publish the quarter-page ad on availability of exemptions, rendition requirements, special appraisals, and tax deferrals.
14. Publicize the uniform procedure to appraise inventory.
15. Approve or ratify contracts with vendors.

16. Enter data on new abatements.
17. Schedule BOD meeting and include executive session if necessary.
18. Notify appropriate tax units and other persons of any completed abatements and provide preliminary estimates of value in order for them to determine abatement percentages.
19. Obtain "cap rate" to be used in 2013 appraisals.
20. Request license information from Texas DPS to obtain birth date information to automatically grant over-65 homestead exemptions.
21. Submit updated current year appraisal roll to each tax unit.
22. Continue data entry of name/address changes, splits and combines, subdivision information, and personal property into the current file.
23. Complete "end-of-year clean-up" in the computer and set the computer to accept current year information.
24. Train District staff on the use of any changes to computer programs.
25. Develop new reports as needed.
26. Continue to obtain deed changes and key in ownership changes and parcel boundary changes and create new accounts as needed.
27. Continue to provide assistance to property owners and the general public by answering phone calls and assisting with walk-in customers, real estate agents, landmen, etc.
28. Update and maintain maps.
29. Process and sell digital parcel data as requested.
30. Maintain website.
31. Send sales information and deed transfer information to State Comptroller's Office by February 1.
32. Work with Eagle Appraisal and Consulting Services, Inc. to determine possible dates for Ag Advisory Council meetings and set those meetings up.

February, 2015 and 2016:

1. Continue keying in recheck notes.
2. Continue downloading pictures provided by field appraiser.
3. Proof changes keyed in.
4. Continue data entry of sketches/drawings.
5. Set up new business accounts.
6. Research returned mail.
7. Maintain records management program.
8. Prepare all changes for the ARB meeting.
9. Start ordering process for appraisal notices and other forms.
10. Prepare for possible appeal of Comptroller's ratio study. Begin accumulating sales information to prepare appeal.
11. Notify tax assessors/collectors of any changes which require refunds.
12. Maintain website and update it with any new forms, schedules, deadlines, etc.
13. Require the BOD, ARB, and chief appraiser to sign affidavits regarding delinquent taxes.
14. Set up ARB meeting to approve all changes, approve supplemental accounts, and hold hearings on substantial error motions.

15. ensure that all lawsuits have complied with Section 42.08 payment requirements.
16. Review revisions needed for ARB programs and documents and order necessary supplies.
17. Present preliminary ratio study results to the BOD.
18. Submit updated current year appraisal roll to each taxing unit.
19. Continue data entry of changes and updates.
20. Prepare for annual mailouts.
21. Continue to obtain deed records and make changes to appropriate parcels.
22. Continue with customer service (phone calls, walk-ins, etc.).
23. Continue to maintain maps.

March, 2015 and 2016:

1. Continue work on appeal of Comptroller's ratio study, if necessary.
2. Continue updating USPAP (Mass Appraisal Report).
3. Continue data entry of field work.
4. Continue downloading pictures provided by field appraiser.
5. Continue to research returned mail.
6. Maintain records management.
7. Prepare recap of values for supplemental accounts for the ARB and prepare supplemental logs for the ARB.
8. Prepare and key-in new tax agent codes and update changes to existing agent codes.
9. Prepare and mail reminders to those who failed to return homestead applications and/or agricultural applications.
10. Order envelopes for bulk mail-outs.
11. Notify tax assessors/collectors of changes that require refunds.
12. Prepare and mail-out letter to agents requiring them to update the accounts they represent and inform them of fiduciary requirements to protest.
13. Be sure that new ARB members are signed up for the mandatory training course.
14. Process rendition extension requests and print and mail letters granting or denying those requests.
15. Submit updated appraisal roll to each tax unit.
16. Update all schedules provided by Eagle Appraisal & Consulting Services, Inc.
17. Continue to obtain and process deed records.
18. Continue to provide customer service assistance.
19. Continue to maintain maps.

April, 2015 and 2016:

1. Complete data entry of changes.
2. Begin preparation of Notices of Value.
3. Mail Notices of Value by May 1.
4. Begin compiling information for evidence packets for property owners filing protests and requesting evidence.
6. Continue data entry processes.
7. Continue to research returned mail.
8. Continue to maintain records management.

9. Prepare change logs for the ARB and BOD.
10. Purchase sufficient postage for mailing Notices of Value.
11. Continue to obtain sales information.
12. Notify each tax assessor/collector of changes that require a refund.
13. Update website to include new information and current year protest forms.
14. Prepare and submit 25.25b reports to the BOD and ARB.
15. Continue to receive and process rendition extension requests and prepare and mail letters granting or denying the requests.
16. Mail letters to taxing units requesting new abatement contracts/TIF Zones for the current year. (This information is to be sent to the Comptroller's Office before July 1.)
17. Submit updated appraisal roll information to each tax unit.
18. Print Notices of Value.
19. Print edits before notices are mailed.
20. Continue to develop reports as needed.
21. Continue to obtain deed records and make changes as indicated.
22. Continue to provide customer service to the general public.
23. Continue to maintain maps.

May, 2015 and 2016:

1. Mail Notices of Value.
2. Continue to work renditions and new personal property accounts.
3. Begin working with property owners regarding proposed values and protests filed.
4. Appraisers hold informal hearings with protesting property owners.
5. Provide evidence to property owners submitting evidence requests for protest hearings.
6. Prepare monthly reports.
7. Continue to research returned mail.
8. Continue to maintain records management.
9. Notify taxing units' tax assessors/collectors of appraisal roll changes that require refunds.
10. Process and determine requests for additional 15 days to file renditions (May 30th deadline) and mail determinations.
11. By May 15th, submit preliminary estimates of value to taxing units.
12. By May 15th, submit appraisal records to ARB.
13. Ensure that all new ARB members have attended mandatory training course and that certificates of completion are on file.
14. Publicize protest procedures and deadlines in ¼ page ad in local newspaper.
15. Update parcel information on new improvement values due to expired abatements and percent changes.
16. Begin scheduling protest hearings and mail Notice of Protest letters and reminder letters as necessary.
17. Provide updated appraisal roll information to each taxing unit.
18. Mail, as necessary, preliminary ARB change letters, no change letters, unable to contact letters, and homestead letters.
19. Prepare new reports as needed.

20. Obtain deed records and process changes.
21. Update maps to reflect changes of ownership, splits, combines, etc.
22. Continue to provide customer service to general public.

June, 2015 and 2016:

1. Mail penalty letters on non-rendered personal property accounts.
2. Continue working with property owners regarding proposed values and appraisers continue to hold informal hearings.
3. Continue to provide evidence to property owners submitting evidence requests for protest hearings.
4. Prepare monthly reports.
5. Continue to research returned mail.
6. Continue to maintain records management.
7. Notify taxing units' tax assessor/collectors of any appraisal roll changes that require refunds.
8. ARB hearings to begin or continue as needed.
9. Mail ARB certified orders on change, no change determinations.
10. Ensure that school districts have a certified estimate of value and that all units have an estimate of value.
11. Submit abatement contracts executed and reinvestment zones established by taxing units in prior year to the Property Tax Division (must be done by July 1st).
12. Prepare proposed AD Budget for the following year and submit to BOD.
13. Continue to schedule protest hearings and mail letters and reminder letters as necessary.
14. Prepare folders for hearings.
15. Post hearing agendas as necessary.
16. Submit appraisal roll changes to each taxing unit.
17. Submit sales information to State Comptroller's Officer by June 1.
18. Obtain deed records and process ownership changes, splits, combines, etc. and ensure that maps are updated to reflect these changes.
19. Continue to provide customer service to the general public.

July, 2015 and 2016:

1. Mail all approvals/denials on rendition penalty waiver requests, ARB certified orders and any other necessary correspondence.
2. Continue ARB hearings if necessary until all protests have been heard.
3. Prepare monthly reports.
4. Continue to research returned mail.
5. Continue to maintain records management.
6. Ensure that all ARB changes have been keyed into computer.
7. By July 20th, ARB approves the appraisal records for the current year.
8. Check appraisal roll and values for substantial errors.
9. Provide certified values and recaps to all taxing units by July 25th and print certified rolls for each unit.
10. Notify taxing units' tax assessor/collectors of appraisal roll changes that require refunds.

11. Prepare and submit 25.25(b) quarterly reports to BOD and ARB.
12. Begin working on the reappraisal calendar for the following year.
13. Obtain deed records and make ownership changes, splits and combines, and update parcels and maps to reflect the changes.
14. Continue to provide customer service to the general public.

August, 2015 and 2016:

1. Prepare appraisal cards for the appropriate reappraisal area for the field appraisers, attaching permits and recheck notes.
2. Prepare reports for the State Comptroller's Office.
3. Prepare monthly reports.
4. Continue to maintain records management.
5. Re-check appraisal roll for substantial errors.
6. Generate report of sales information on sales that occurred January 1 through the end of July.
7. Begin fieldwork to examine sales, or note these sales for Eagle Appraisal and Consulting appraisers to examine when fieldwork begins in September.
8. Field examinations continue through April of the following year.
9. Notify taxing units' tax assessors/collectors of appraisal roll changes that require refunds.
10. After certification of rolls, send to Texas Department of Economic Development a listing of all sites with values greater than or equal to \$100 million, in compliance with Section 23.23 of the Texas Property Tax code.
11. Contact entities on primarily charitable organization exemptions to see if renewal of exemption is needed.
12. Have BOD schedule the budget hearing.
13. Publicize the budget and budget hearing date.
14. Submit updated appraisal roll to each taxing unit.
15. Compile all necessary information for the calculating of tax rates and begin calculation process.
16. Obtain deed records and make ownership changes, splits and combines and update parcels and maps to reflect changes.
17. Continue to provide customer service to the general public.

September, 2015 and 2016:

1. Complete tax rate calculations, publish effective rates, and assist taxing units in adopting tax rates.
2. Order or print tax rolls.
3. Ensure that sufficient envelopes, forms, paper, postage, etc. are on hand for printing and mailing statements.
4. Eagle Appraisal and Consulting Services, Inc. appraisers will begin field work.
5. Begin working on any arbitration cases.
6. Begin working on September 1 inventory parcels.
7. Prepare Property Value Reports for State Comptroller's office.

8. Begin data entry of changes made by field appraisers and download new pictures taken by field appraisers.
9. Prepare monthly reports.
10. Continue to maintain records management.
11. Run listing of all category A1s where mailing address and physical address are the same, but no homestead exemption is granted in order to mail property owners a homestead application in the following year.
12. Notify each taxing units' tax assessor/collector of changes to the appraisal roll that require a refund.
13. BOD must adopt the following year's budget by September 15.
14. Send State Reports to the Property Tax Division.
15. Obtain deed records and make ownership changes, splits and combines, and ensure that parcels and maps are updated to reflect the changes.
16. Continue to provide customer service to the general public.
17. Mail tax statements.

October, 2015 and 2016:

1. Eagle Appraisal and Consulting Services field appraisers will continue field inspections.
2. Begin working with the Comptroller's office regarding the ratio study.
3. Mail completed Reports of Property Value to the State Comptroller's office.
4. Continue to key in changes made by field appraisers.
5. Continue to download new pictures taken by the field appraisers.
6. Prepare monthly reports.
7. Continue to maintain records management.
8. Notify each taxing units' tax assessor/collector of appraisal roll changes that requires a refund.
9. Prepare and submit 25.25(b) change report to BOD and ARB.
10. Notify appropriate taxing units of any current year lawsuits.
11. Obtain deed records and make ownership changes, splits and combines and update parcels and maps to reflect those changes.
12. Continue to provide customer service to the general public.

November, 2015 and 2016:

1. Eagle Appraisal and Consulting Services will continue field work.
2. Continue working with the Comptroller's office regarding the ratio study.
3. Continue keying in changes made by field appraisers and downloading pictures.
4. Prepare monthly reports.
5. Continue to maintain records management.
6. Prepare new homestead exemption applications for mail-out during the first part of January.
7. Prepare renditions for mail-out during the first part of January.
8. Notify each taxing units' tax assess/collector of appraisal roll changes that require a refund.
9. BOD appoints the following year's Ag Advisory Council at a regular meeting.
10. BOD appoints ARB members for the following year at a regular meeting.

8. Notify each taxing units' tax assess/collector of appraisal roll changes that require a refund.
9. BOD appoints the following year's Ag Advisory Council at a regular meeting.
10. BOD appoints ARB members for the following year at a regular meeting.
11. Submit updated appraisal roll information to each taxing unit.
12. Obtain deed records and make ownership changes, splits and combines, and update parcels and maps to reflect those changes.
13. Continue to provide customer service to the general public.

December, 2015 and 2016:

1. Eagle Appraisal and Consulting Services field appraisers will continue field work.
2. Continue to key in changes provided by the field appraisers and download new pictures.
3. Continue to work on arbitration cases and lawsuits.
4. Continue working with the Comptroller's office regarding the ratio study.
5. Prepare monthly reports.
6. Prepare all homestead exemption applications to surviving spouse of deceased for mail out on January 1st.
7. Notify each taxing units' tax assessor/collectors about any changes to the appraisal roll that requires refunds.
8. Submit updated appraisal roll information to the taxing units.
9. Obtain deed records and make ownership changes, splits and combines and update parcels and maps to reflect those changes.
10. Continue to provide customer service to the general public.
11. Continue to maintain records management.

2016 Reappraisal Schedule

The same timetable and duties apply in each year. The field appraiser shall physically inspect all property in as described in Area Two. The chief appraiser and CAD staff shall continue to complete the same duties and reappraisal steps as outlined for 2015.

2016 Anticipated Work Areas and Target Dates:

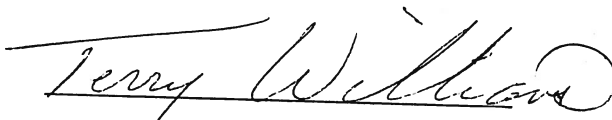
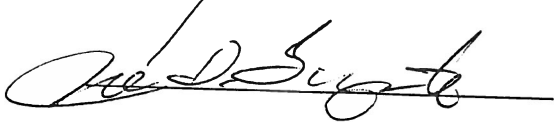
Eagle Appraisal & Consulting field appraisers will begin work on properties specified in Area 2 of the plan upon receipt of the field worksheets from the CAD. The first area to be inspected for the tax year 2016 is identified as: all properties located in the Mumford ISD. Target date for completion of this quadrant is September 30, 2015. The second area to be inspected for the tax year 2016 is identified as: all properties outside the city limits of the City of Bremond in the area that lies in the Bremond ISD. Target date for completion of this quadrant is November 15, 2015. The third area to be inspected for the tax year 2016 is identified as: Groesbeck ISD. Target date for completion of this area is January 1, 2016.

The fourth area to be inspected for the tax year 2016 is identified as: all properties outside the city limits of the City of Hearne in Hearne ISD. Target date for completion of this quadrant is March 1, 2016.

New construction, remodels, and problematic areas within the cities may be worked on days that are deemed to be bad weather days (roads impassable) in rural areas. Any other properties within the city limits of the cities of Franklin, Hearne, Calvert and Bremond that have been identified to be inspected for the tax year 2016 will be inspected during a time from March 15 to April 1.

*****Note: the above areas and times may be changed due to weather, availability of staff, and/or other unforeseen circumstances.*****

APPROVED THIS 15th DAY OF September, 2014

Document 3A

2015 - 2016

CAD Plan for Periodic Reappraisal of Industrial Real Property

Subsections (a) and (b), Section 25.18, Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of selected industrial property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.
 - (1) Identifying properties to be appraised: Appraisal of properties is limited to those indicated in the contract with the appraisal district, unless additionally requested by the appraisal district. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal. Industrial properties are identified as part of the appraiser's physical inspection process each year and through submitted data by the property owner. The appraiser may also refer to legal documents, photography and other descriptive items.
 - (2) Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Confidential rendition, assets lists and other confidential data also provide additional information. Subject property data is verified through previously existing records and through published reports.
 - (3) Defining market areas in the district: Market areas for industrial properties tend to be regional, national and sometimes international. Published information such as prices, financial analysis and investor services reports are used to help define market area.
 - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: Among the three approaches to value (cost, income and market), industrial properties are most commonly appraised using replacement/reproduction cost new less depreciation models because of readily available cost information. If sufficient income or market data are available, those appraisal models may also be used.
 - (5) Comparison and Review: The appraiser considers results that best address the individual characteristics of the subject property and that are based on the most reliable data when multiple models are used. Year-to year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process.

Document 3B

2015 - 2016

CAD Plan for Periodic Reappraisal of Industrial Personal Property

Subsections (a) and (b), Section 25.18, Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of all industrial personal property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.
 - (1) Identifying properties to be appraised: Appraisal of properties is limited to those indicated in the contract with the appraisal district, unless additionally requested by the appraisal district. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal. Through inspection the appraiser identifies personal property to be appraised. The appraiser begins with properties from the previous tax year and identifies new properties from visual identification and/or publications, newspaper articles, or information obtained through the interview of property owners. The appraiser may also refer to other documents, both public and also confidential, to assist in identification of these properties. Such documents might include but are not limited to the previous year's appraisal roll, vehicle listing services and private directories.
 - (2) Identifying and updating relevant characteristics of each property in the appraisal records: Data identifying and updating relevant characteristics of the subject properties are collected as part of the inspection process through directories and listing services as well as through later submissions by the property owner, sometimes including confidential rendition. These data are verified through previously existing records and through public reports.
 - (3) Defining market areas in the district: Market areas for industrial personal property are generally either regional or national in scope. Published price sources are used to help define market areas.
 - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics. Personal property is appraised using replacement/reproduction cost new less depreciation models. Income approach models are used when economic and/or subject property income is available, and a market data model is used when appropriate market sales information is available.
 - (5) Comparison and Review: The appraiser reconciles multiple models by considering the model that best addresses the individual characteristics of the subject property. Year-to year property value changes for the subject property are examined using computer-

assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process.

Document 3C

2015 - 2016

CAD Plan for Periodic Reappraisal of Utility, Railroad and Pipeline Property

Subsections (a) and (b), Section 25.18, Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of all utility, railroad and pipeline property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.

- (1) Identifying properties to be appraised: Appraisal of properties is limited to those indicated in the contract with the appraisal district, unless additionally requested by the appraisal district. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal. Utility, railroad and pipeline properties that are susceptible to inspection are identified by inspection. The appraiser may also refer to other documents, both public and also confidential to assist in identification of these properties. Due to the varied nature of utility, railroad, and pipeline properties there is no standard data collection form or manual. New permitting documents on record with the Railroad Commission of Texas provide a source to identify potential new pipeline projects but does not provide indication if the project was actually started, completed, or a distinct location of the proposed project. Every effort is made to discover new utility, railroad, and pipeline properties through personal observation combined with permitting documents.
- (2) Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through data collected as part of the inspection process and through later submissions by the property owner, sometimes including confidential rendition. Additional data are obtained through public sources, regulatory reports and through analysis of comparable properties.
- (3) Defining market areas in the district: Market areas for utility, railroad and pipeline property tend to be regional or national in scope. Financial analyst and investor services reports are used to help define market areas.
- (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: For all three types of property, the appraiser must first form an opinion of highest and best use. Among the three approaches to value (cost, income and market),

pipeline value is calculated using a replacement/reproduction cost new less depreciation model [RCNLD]. In addition to the RCNLD indicator, a unit value model may also be used if appropriate data are available. Utility and railroad property are appraised in a manner similar to pipeline except that the RCNLD model is not used.

- (5) Comparison and Review: The appraiser considers results that best address the individual characteristics of the subject property when multiple models are used. Year-to year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process. These types of property are also subject to review by the Property Tax Division of the Texas Comptroller's Office through their annual Property Value Study.

Document 3D

2015 - 2016

CAD Plan for Periodic Reappraisal of Oil and Gas Property

In accordance with Section 25.18 of the Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property as approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of all oil and gas property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.
 - (1) Identification of new property and its situs. As subsurface mineral properties lie within the earth, they cannot be physically identified by inspection like other real property. However, the inability to directly inspect does not appreciably affect the ability to identify and appraise these properties. To identify new properties, CAGL obtains monthly oil and gas lease information from the Railroad Commission of Texas [RRC] to compare against oil and gas properties already identified. The situs of new properties is determined using plats and W-2/G-1 records from the RRC, as well as CAGL's in-house map resources.
 - (2) Identifying and updating relevant characteristics of all oil and gas properties to be appraised. Relevant characteristics necessary to estimate value of remaining oil or gas reserves are production volume and pattern, product prices, expenses borne by the operator of the property, and the rate at which the anticipated future income should be discounted to incorporate future risk. CAGL obtains information to update these characteristics annually from regulatory agencies such as the RRC, the Comptroller of Public Accounts, submissions from property owners and operators, as well as from published investment reports, licensed data services, service for fee organizations and through comparable properties, when available.
 - (3) Defining market areas in the district and identifying property characteristics that affect property value in each market area. Oil and gas markets are regional, national and international. Therefore they respond to market forces beyond defined market boundaries as observed among more typical real properties.
 - (4) Developing an appraisal approach that best reflects the relationship among property characteristics affecting value and best determines the contribution of individual property characteristics. Among the three approaches to value (cost, income and market), the income approach to value is most commonly used in the oil and gas industry. Through use of the discounted cash flow technique in particular, the appraiser is able to bring together relevant characteristics of production volume and pattern, product prices, operating expenses and discount rate to determine an estimate of appraised value of an oil or gas property.

- (5) Comparison and Review. Use of the income approach is the first step in determining an estimate of market value. After that the appraiser reviews the estimated market value compared to its previous certified value and also compares it to industry expected payouts and income indicators. The appraiser examines the model's value with its previous year's actual income, expecting value to typically vary within in a range of 2-5 times actual annual income, provided all appropriate income factors have been correctly identified. Finally, periodic reassignment of properties among appraisers and review of appraisals by a more experienced appraiser further expand the review process.

EAGLE APPRAISAL & CONSULTING

REAPPRAISAL PLAN

2015 - 2016

INTRODUCTION

Passage of Senate Bill 1652 amended Section 6.05 of the Texas Property Tax Code by adding Subsection (i) to read as follows:

- (i) 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 Section 25.18 and shall hold a public hearing to consider the plan. Not later than the 10th day before the date of the hearing, the secretary shall deliver to the presiding officer 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 hearings, make any 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 sixty (60) days of the approval date.

PLAN FOR PERIODIC REAPPRAISAL REQUIREMENT:

Senate Bill 1652 amends Section 25.18, Subsections (a) and (b) to read as follows:

- (a) Each appraisal office shall implement the Plan for Periodic Reappraisal of Property approved by the board of directors under Section 6.05 (i).
- (b) The plan shall provide for the following reappraisal activities for all real and Personal property in the district at least once every three years:
 - 1. identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;
 - 2. identifying and updating relevant characteristics of each property in the appraisal records;
 - 3. defining market areas in the district
 - 4. identifying property characteristics that affect property value in each market area, including the location and market area of property, physical attributes of property such as size, age, and condition, legal and economic attributes, and the identification of easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;
 - 5. developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;
 - 6. applying the conclusions reflected in the model to the characteristics of the properties being appraised; and
 - 7. reviewing the appraisal results to determine value.

REVALUATION DECISION (REAPPRAISAL CYCLE)

The _____ CAD, by policy adopted by the Board of Directors and the Chief Appraiser, reappraises all property in the district every year. The reappraisal may consist of field inspections, CAMA, or both. The reappraisal year is a complete appraisal of all properties in the district. Tax year 2015 is a reappraisal year and tax year 2016 is a reappraisal year.

Additionally, every tax year, the District inspects and appraises new construction and adds those properties to the appraisal roll. The district also inspects and reappraises properties that have been remodeled or demolished, properties with additions, properties with fire damage, or properties with any change or damage. These changes are found through building permits issued by the city. However, since building permits are not required for properties outside the city limits, District staff maintains a file of newspaper clippings that pertain to changes in property and all District staff remains alert to visual changes in properties. Throughout the year, notes are made on those visual changes and all information is provided to the field appraiser. The field appraiser will also conduct detailed field inspections of properties if requested by the owner and reappraise these properties as necessary. The District is contracted with Eagle Appraisal & Consulting to perform the appraisals and field inspections.

Eagle Appraisal and Consulting compiles all sales by school district. Problematic areas are further researched and may indicate the use of market modifiers. The use of these modifiers is the predominant method of adjusting sales for location and time. Values throughout the county may be adjusted by use of market modifiers during the reappraisal year.

PLANNING AND ORGANIZATION

A calendar of key events with critical completion dates is prepared for each area of work. This calendar identifies key events for appraisal, clerical, customer service, and information systems. A calendar is prepared for years 2015 and 2016. Production standards for field activities are calculated and incorporated in the planning and scheduling process.

Eagle Appraisal & Consulting will begin field inspections of the District's scheduled reappraisal area on or about the first Tuesday following Labor Day in September, 2014 and will complete all inspections and schedules by April 1, 2015 for the 2015 tax year.

The District shall provide to Eagle Appraisal & Consulting appraisers the field cards that contain specific information regarding the property being appraised. These cards contain brief legal descriptions, ownership interests, property use codes, property addresses, land size, and sketches of improvements as well as detailed information of any improvements. Appraisal field inspection procedures require the appraisers to check all information on the field cards and to update the information when necessary. All new improvements shall be measured, classed, and assigned the appropriate depreciation amount. Structures that have been demolished or removed shall be marked off the appraisal card. Properties with extensive improvement remodeling shall be identified and the field inspection shall identify and update the property characteristic data. The appraiser shall note the date of the inspection on the card and place

his initials on the card. The appraiser shall take pictures, with each picture having a date, and note the picture number on the appraisal card.

Each year, Eagle Appraisal & Consulting will test real property market areas, by property classification. The market areas shall be tested for low or high ratio sales and/or high coefficients of dispersion. Market areas that fail any or all of these tests are determined to be problematic. Field inspections are scheduled to verify and/or correct property characteristic data. Additional sales data is researched and verified.

The International Association of Assessing Officers' Standard on Mass Appraisal of Real Property specifies that the universe of properties shall be re-inspected on a cyclical basis of at least once every three years. The re-inspection includes physically viewing the property, photographing, and verifying the accuracy of the existing data. The annual re-inspection requirements for tax years 2015 and 2016 are identified and scheduled in the District's Written Plan for Periodic Reappraisal.

In addition to the two-year cycle set out by the District's reappraisal plan, Eagle Appraisal & Consulting will perform ratio studies annually to determine areas or categories of properties within the CAD which need to be reappraised within the current year based on ratios. Any areas or categories whose ratios are above or below statutory requirements shall be reappraised in the current year regardless of the area in which they are located. This two-fold approach will insure not only that all residential and commercial property within the CAD is reappraised at least once every three years, but also that all other categories within the CAD are reviewed annually so that the District stays current with respect to market value in those areas where residential and/or commercial property values appear to be changing rapidly.

MASS APPRAISAL SYSTEM

REAL PROPERTY VALUATION

Revisions to cost models, income models, and market models are specified, updated, and tested each year.

Cost schedules are tested with market data (sales) to insure that the appraisal district is in compliance with Texas Property Tax Code, Section 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 recognized industry leaders. Eagle Appraisal & Consulting utilizes the national publication of cost schedules of Marshall & Swift.

Land Schedules are updated using current market data (sales) and then tested with ratio study tools. Value schedules are developed and tested on a pilot basis with ratio study tools.

PERSONAL PROPERTY VALUATION

Eagle Appraisal & Consulting performs personal property valuations only in some Districts.

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

HEARING PROCESS

Eagle Appraisal & Consulting representatives conduct informal hearings with protesting property owners. If the protest cannot be settled within the guidelines set out by the District's informal hearings procedures, the property owner may elect to proceed to a formal hearing before the Appraisal Review Board.

Eagle Appraisal & Consulting representatives will be present at formal ARB hearings and will present and defend the appraisals performed. Further, Eagle Appraisal & Consulting, Inc. will provide to the District the calculations of schedules and final schedules.

LAND VALUATION

LAND VALUATION

When appraising real estate, the appraiser must consider two separate entities: land, which is the non-wasting portion of the real estate; and improvements, which are the wasting portion subject to various forms of depreciation. Land and improvements are valued separately so that the trends and factors affecting each can be studied. In fact, statutes require separate valuation of land and buildings. However, the final analysis for an improved property must be as a unit, with the same highest and best use for both land and improvements.

The development of land value uses six generally accepted methods:

- 1. Sales comparison
- 2. Allocation
- 3. Abstraction
- 4. Anticipated use or development
- 5. Capitalization of ground rent
- 6. Land residual capitalization

The first step in land valuation is identifying the property. The appraiser must know the size and location of the subject parcel. Once the land has been properly identified and described, an analysis of the subject can be made. The analysis should include the collection of site-specific data, a study of trends and factors influencing the value, and physical measurement of the site. (The time "site" means more than just land. A site is a parcel of land that has been made ready to use for some intended purpose.)

Once the subject is analyzed, the appraiser must classify the land. Land may be classified as residential, commercial, industrial, land in transition, agricultural, special purpose, or undeveloped. Zoning is important in determining land classification because zoning ordinances often prescribe exactly what uses are permitted for the property. Zoning can also help determine highest and best use, which must be done before the land is valued.

SITE ANALYSIS

Land, in a general sense, can be unimproved (raw) or improved (ready for development). Land that is undeveloped or in agricultural use is considered unimproved. Land that has been developed to the extent that it is ready to be built upon is considered a site. A site analysis requires the collection and analysis of information about trends and factors affecting value. Site analysis also includes collection analysis of site-specific data (physical characteristics of the site).

Trends and Factors

After classifying the land and tentatively deciding its highest and best use, the appraiser must analyze the trends and factors affecting the parcel. Identifying the environmental (physical), economic, governmental, and social factors is not only a critical aspect of the valuation of a land site, but can also help the appraiser select the appropriate valuation method.

Site Data

Site-specific data to be collected includes frontage, width, depth, shape, area, topography, slope, drainage and soil conditions, and off-site improvements.

Frontage - frontage is the measured distance along which a property abuts a street or other public way, and is usually expressed in front feet.

Width - width is usually measured along the front of the parcel. With regular shaped lots, the width and frontage are the same; with irregular shaped lots, width will be an average measurement either larger or smaller than the frontage. When the parcel is irregular, the width is generally the average of the front and rear measurements.

Depth - depth is the distance from the front to the rear line of the parcel.

Shape - the shape of a site may be described as regular, slightly irregular, or very irregular, or as square, rectangular, or triangular. The shape of the lot may have a direct bearing on its value.

Area - the area of the parcel is one of the most important characteristics affecting value, because area can determine how the land can be used. It is important to consider the effective area, that is, the area within which a building may be constructed. Zoning and deed restrictions often require the buildings be set back from the front, rear, and side property lines. This can have a major effect on the value of the site because it reduces the amount of land available for improvements.

Topography - topography is the physical feature of the site, such as view, slope, contour, grading, drainage, trees, and soil conditions. These physical features will often dictate how a site may be developed, determine the size of the foundation, the type of construction, and the location of the building on the site. A site may slope uphill, downhill, or from side to side. Slope will determine what site improvements, such as retaining walls and fill, may be needed.

The condition of the soil and subsoil will determine the feasibility of construction. In order to build on sites with fluid subsoil, special footings may be necessary.

Percolation refers to the ability of the soil to accept moisture. Poor percolation may require special drainage features. The soil condition may also determine whether ordinary landscaping may be used or whether additional cost will be required to improve the soils condition.

Off-Site Improvements

The value of a site is strongly influenced by the value of the off-site improvements, such as streets, sidewalks, street lighting, and traffic patterns. Street width is especially important to commercial and industrial property for transportation needs. Traffic flow, noise, and hazards may affect residential property. The availability of utilities, including water, gas, electricity, telephone, and sewers, also affects the value of a site.

LAND VALUATION

Direct Sales Comparison Method

The direct sales comparison method compares the subject property with comparable vacant parcels that have sold recently. The appraiser processes the sales prices into indicators of value for the subject property by adjusting the sales prices of the comparables for their differences from the subject property. The process has the following steps: market research to obtain sales information; verification of the sales information; selection of appropriate units of comparison; comparison of sold properties with the subject property; adjustment of sales prices of the sold properties, as appropriate; and reconciliation of the value indicators developed from the analysis of comparable sales into an indication of value for the subject site.

Market Research and Verification

It is necessary to list all pertinent information connected with the comparable sale. Among the data to be recorded are names of grantor and grantee, date of sale, description and location, price verification and recorder fee, and mortgage terms. It is useful to build and maintain an up-to-date file system of land sales. Sources of information include recorded deeds, newspaper reports, published sales listings, and interviews with brokers, attorneys, and bankers. It is the preferred practice to verify every sale with the buyer, seller, broker, or attorney involved. Knowledge of the motives of buyers and sellers is mandatory.

Units of Comparison

It is often necessary to analyze differences in size and shape of comparable sale properties in order to apply uniform methods of valuation and to compare directly size of varying size and shape. The process of comparison with the subject site requires units of comparison. Five basic units of comparison are used to value sites: (1) front foot, (2) square foot, (3) acre, (4)

site, and (5) units buildable. Care must be exercised in selecting the unit of comparison. The appropriate unit is usually the unit used in the marketplace where sites are bought and sold.

Front Foot

Use of the front that as a unit of comparison is based on the premise that frontage significantly contributes to value. A front foot is a 1-foot-wide strip of land that fronts on a street, railroad siding, or body of water and continues to the rear of the parcel.

The front that method is useful in the valuation of downtown commercial property. For these properties, the amount of frontage is important because of the exposure it provides for display and customer access. The method may also prove useful in the valuation of industrial property that fronts on a railroad siding, and live off the industrial requirements for convenient transportation. Likewise, the amount of frontage on a body of water for swimming, boating, or the view, may contribute to the value of a residential lot. The "effective" frontage of irregularly shaped lots is calculated according to formula and will be discussed later. An example of the front foot method is as follows:

A downtown commercial lot has 60-foot frontage on Main Street and a depth of 100 feet. Analysis of comparable sales indicates that similar lots with 100-foot depth are selling for \$1500 per front foot. Therefore, the lot would have an estimated value of \$90,000 (60 front feet X \$1500 per front foot).

Square Foot

This unit of comparison is used for irregularly shaped parcels and where frontage is not a dominant factor in the valuation process. The square foot unit is also used for sites that sell for an average price per square foot of land area. This method can be used to value residential, commercial, and small industrial sites. An example of the square foot method is as follows:

A subject property consists of 20,000 square feet. Comparable properties of similar size are selling for \$1.50 per square foot. The estimated value of the subject site is therefore \$30,000 (20,000 square feet X \$1.50 per square foot = \$30,000).

In many cases the appraiser may not be able to find comparable sales of similar size. In the adjustment process, consideration should be given to the minimum site necessary for the improvement (dwelling, retail store, and so on) and the amount of excess land, if any. Through the analysis of sales, the square foot values should be developed for the minimum size as well as for any excess land.

Acres

Acres may be calculated by dividing square footage by 43,560. Acres are used in the valuation of large industrial sites, shopping centers, rural, and agricultural properties.

It may be necessary to break down a site between acres that front on a public thoroughfare and rear acres; in many circumstances, front acres are more valuable.

Site

The site, or lots, unit of comparison is used when the market does not indicate a significant difference in lot value even when there is a difference in lot size. This method is becoming more prevalent and is typically found in residential subdivisions such as cluster developments and planned unit developments. The method may also be used in valuing industrial sites located in industrial parks.

Units Buildable

This unit of comparison is used when the market indicates that a site is sold on a unit basis. For example, the unit of comparison for an apartment property may be sale price per buildable apartment. The unit of comparison for a parking garage site may be sale price per car space. The units buildable may be either a theoretical or an actual number of units. The probable number of units to be built may be different from the theoretical number permitted by zoning ordinances. Consideration should be given to market demand, setback limitations, topography, height limitations, and other limiting factors.

In addition to physical units of comparison, there are economic units used by buyers and sellers in the real estate market. Ranchers are primarily interested in the carrying capacity of land. This is generally expressed in animal units. If the quality of the land is such that 5 acres are required per animal unit, this will probably serve as the basis for the price. Farmers growing corn will offer a price based on the productivity of the soil—the number of bushels per acre harvested. These economic units of comparison are tied directly to the concept of highest and best use.

Adjustments

No two parcels of land are exactly alike. They might be identical in size and physical characteristics, but each parcel has a unique location and is likely to differ from other parcels in some way. Typical differences requiring adjustments are in time of sale, location, and physical characteristics. Adjustments may also need to be made for atypical financing. Other differences may become apparent with the study of the environmental (physical), economic, governmental, and social factors affecting the sale property and the subject property.

The adjustment process is an analysis designed to show what the comparable property would have sold for if these differences were eliminated. The sale price of the comparable properties is adjusted to account for as many of its differences from the subject property as possible. In adjusting the sale price of the comparable, lump-

sum dollar amounts or percentages are customarily employed. Adjustments are always applied to the sale price of the comparable property, not to the subject property. If the sold property is inferior in some respect to the subject property, the sale price is increased by dollar amount or a percentage. If the sold properties is superior in some respect, the sale prices is decreased. Applying the adjustments to the sale price of the comparable property provides a value indication for the subject property.

Adjustment Techniques

Adjustments may be made to sales prices in one of three ways: (1) adding and subtracting dollars, (2) adding and subtracting percentages, and (3) multiplying percentages. The sequence in which the adjustments are made should be considered. If the comparable sales are adjusted using lump-sum dollar amounts, the order in which the adjustments are made will not affect the adjusted sale price. However, if percentage adjustments are used, the order of the adjustments becomes critical because the percentage amount is a percentage of the sale price. Thus, the appraiser must make the adjustments in the following sequence: atypical financing, time of sale, and location and physical characteristics.

Financing Sales

Financing sales that have atypical financing arrangements must be adjusted first. For example, a sale with seller financing at an interest rate above or below the market rate of interest would need to be adjusted.

Time of Sale

When market value increases or decreases over time, an adjustment to the sale price of the comparable is required for time of sale. This adjustment is applied to the sale price of the comparable property after applying any adjustment required for atypical financing. If financing is typical, then the first adjustment in the sequence of adjustments is for time of sale.

Location and Physical Characteristics

Adjustments for location and for differences in physical characteristics can be made in any sequence after the adjustments for financing and time are made. This sequence is important because the percentage adjustment is a percentage of the sale price. Thus, the appropriate amount must be an amount of the sale price that reflects typical financing and current market conditions.

When percentages are used, it is possible to add and subtract or to multiply. A slightly different value indication will result in percentages are multiplied, but the difference is not sufficient to affect the value indications substantially.

Reconciliation of Value Indicators for Comparable Sales

In estimating the value of the subject site, each important difference between the subject property and the comparable sales is considered. To provide an indication of value for the subject site, the appraiser places the greatest emphasis on the value indicators from the properties that require the fewest adjustments.

MASS APPRAISAL METHODS OF LAND VALUATION

The primary methods of land valuation for mass appraisal are applications of the sales comparison approach. The sales comparison approach is always the preferred approach when sufficient sales data are available. Only when sales data are insufficient should the appraiser resort to alternative methods. There are two principal applications of the sales comparison approach to mass appraisal of land: the comparative unit method and the base-lot method.

Comparative Unit Method

The comparative unit method requires the appraiser to stratify the jurisdiction first by market (or economic) area and then by zoning or use types. Once the stratification has been completed, the appraiser must determine the average or typical per-unit value for each stratum of land. The preferred method for determining the average or typical value is to calculate the media or mean sale price per unit. The median is sometimes preferred because it is less influenced by extremes. Once the median or mean price per unit has been calculated, the coefficient of dispersion (COD) should be calculated. This measure, along with the number of sales, indicates the reliability of the analysis.

If enough sales are not available, combine similar strata, adding older sales adjusted for time, and using residual land values (sale price list building that).

When comparative unit values have been established for each stratum, they are refined to the individual parcel level. One method of doing this is to develop unit values within the area, leaving only minor adjustments for individual parcels. This is important when values vary significantly in a market area or neighborhood and can be particularly important for commercial parcels.

The comparative unit method is best for areas where parcels vary in size but are fairly homogenous and other aspects. However, it is not as well suited for areas where the sites are similar in size but vary substantially and in site characteristics.

Base-Lot Method

The base-lot method requires the appraiser to establish the value of the standard, or "base," parcel in each stratum using a sales comparison analysis, with the base lot serving as the subject parcel. The base lot may be an actual lot or a hypothetical standard lot. Once the base-lot value is established, it is used as a benchmark to establish value for individual parcels.

The base-lot method assumes that the site characteristics are generally similar for most of the lots and the major factors causing variations in site values are such things as size, view, and traffic. Adjustments for these factors must be developed using paired sales analysis or other forms of market research. Then, the comparables are adjusted to the base lot. After the comparables are adjusted to the base lot, measures of central tendency are calculated and a base-lot value selected. Confidence in the base-lot value selected can be gauged by looking at measures of dispersion. If the measures of dispersion are large, the appraiser will need to make a further analysis. If the amount of dispersion is small, the appraiser can be fairly confident in the indicated base-lot value.

This method requires adequate sales data. Older sales can be added to the sales base as long as they are appropriately adjusted for any variations in market conditions.

ALTERNATIVE METHODS OF LAND VALUATION

The sales comparison approach is the most reliable method of land valuation. It involves comparisons and it seems that market evidence is available. Unfortunately, good, reliable sales data are sometimes available. For this reason, the appraiser must resort to other methods of valuation. The alternative methods of land valuation are allocation, abstractions, anticipated use or development, capitalization of ground rents, and land residual capitalization.

Allocation Method

The allocation method of site valuation may be helpful when no sales of vacant land are available for comparison. This method is based on the principle of balance, which states that there is a sense of proportion in the four agents of production. Land, as one of the agents of production, should have logical value relationship to total property value.

Under the concept of allocation, a portion of total property value may be assigned to the site. A fair allowance is estimated, based on knowledge of the market for properties of the class being appraised. Typical relationships are established from sales of improved properties. To establish proper ratios, the following are usually considered:

1. site values in previous years

2. land-to-improvement ratios in similar neighborhoods
3. analysis of new construction of similarly classified sites

Abstraction Method

Abstraction, as opposed to allocation, employs elements of the cost approach in the analysis of improved property sale. The method involves subtracting the depreciated replacement cost of the improvements from the sale price of an improved property. The remainder is an indication of land for that property.

The abstraction method should be employed with caution. It is a poor substitute for the direct sales comparison method and is used only in certain restricted circumstances.

Anticipated Use or Development Method

The anticipated use or development method may be considered when there are insufficient sales data. This method is used primarily to value land in transition from agricultural use to residential or commercial use. For example, with the highest and best use of the tract established as residential, the appraiser hypothetically develops the site. The total development costs are subtracted from the projected sales price of the developed lots to indicate value for the raw land. The result is the price a prudent developer is willing to pay for the land in its present undeveloped condition.

Although the anticipated use method may serve as a backup method to help substantiate a value estimate developed by the direct sales comparison method, it is a substitute only when useful sales data are not available. The anticipated use method is frequently criticized because of its hypothetical nature. Practitioners may fall into the indefensible habit of simply selecting an arbitrary percentage of projected sale price as the indicated value of the raw land. Many of the development costs are relatively constant regardless of the value the land.

Capitalization of Ground Rent

The capitalization of ground rent method employs the income approach to value, which is based on the premise that value is the present worth of future benefits of property ownership. The method may be desirable in central business districts where no vacant land sales can be found. If there are market data available to estimate the income potential of area parking lots, for example, this income can be converted, or capitalized, into an expression of value.

There are many instances where land, particularly commercial lands, is leased on a net basis. Rental data comparisons may be made on a per-square-foot or per-front-foot

basis. Agricultural land may be leased on a per-acre basis. Once the market rent of the subject site is established, a net income is calculated and a capitalization rate selected.

This method is only as reliable as the estimates of highest and best use, market rent, and correct capitalization rate for the subject property.

Land Residual Capitalization

The land residual capitalization method is applicable only to income-producing properties for which well supported improvement value can be developed. The appraiser must be able to develop the annual net operating income attributable to the property and also develop a land and building capitalization rate. The annual net operating income attributable to the improvement is deducted from the total annual income. The remaining income, the residual amount attributable to the land, is then capitalized into a value indicator for the land.

New construction, remodels, and problematic areas within the cities may be worked on days that are deemed to be bad weather days (roads impassable) in rural areas. Any other properties within the city limits of the cities of Franklin, Hearne, Calvert and Bremond that have been identified to be inspected for the tax year 2016 will be inspected during a time from March 15 to April 1.

*****Note: the above areas and times may be changed due to weather, availability of staff, and/or other unforeseen circumstances.*****

Robertson County Appraisal District

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**Nancy
Commander
Chief Appraiser**

September 16, 2014

Enclosed please find a copy of the Robertson County Appraisal Districts Reappraisal Plan for 2015/2016 for your records.

If you have any questions please feel free to contact me at 979-828-5800.

Sincerely,

A handwritten signature in cursive script that reads "Nancy Commander".

Nancy Commander
Chief Appraiser