

**Plan for the Periodic Reappraisal of Properties  
Wood Central Appraisal District  
2019-2020**

**The Written Plan**

Tax Code Requirements: S.B. 1652 amends Section 6.05, Texas Property Tax Code, by adding Subsection (i) to read as follows:

“To ensure adherence with generally accepted appraisal practices, the board of directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10<sup>th</sup> day before the date of the hearing, the secretary of the board shall deliver to the presiding 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 60 days of the approval date.”

**The Plan for Periodic Reappraisal**

Subsections (a) and (b) of the Texas Property Tax Code, are amended 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.

### **Steps in a Reappraisal**

The Wood Central Appraisal District uses the ten (10)-step plan for reappraisal as recommended by the International Association of Assessing Officers (IAAO) textbook, Property Appraisal and Assessment Administration.

Required activities are presented below in the order they should occur:

#### **1. Performance Analysis**

**A. Ratio Study**—According to the Comptroller’s Property Tax Division, the Wood Central Appraisal District fell within the acceptable range for the most recent study year.

**B. Are existing values equitable?**—According to the Comptroller’s Property Tax Division, the Wood Central Appraisal District fell within the acceptable range for the most recent study year.

**C. Are values consistent with the market?**—According to the Comptroller’s Property Tax Division, the Wood Central Appraisal District fell within the acceptable range for the most recent study year.

## 2. Revaluation Decisions

**A. Statutory**—The Texas Property Tax Code requires that a complete reappraisal be completed at least every three (3) years.

The schedule will be as follows:

2019 Reappraisal:  
Quitman and Alba

2020 Reappraisal  
Mineola, Hawkins and Overlap

**B. Administrative Policy**—The chief appraiser of the Wood Central Appraisal District made the decision for yearly reappraisals. The assistant chief appraiser is responsible for delegation of the work and monitoring the progress of work.

## 3. Analysis of Available Resources

**A. Staffing**—The current appraisal staff consists of four (4) field appraisers, one (1) appraisal supervisor, and the chief appraiser.

**B. Budget**—The appraisal budget has been adequate in the past. The additional resources possible would include additional mileage reimbursement for the appraisal staff, if the current trend of high gasoline prices continues. The Computer System has now been updated using the latest technology from True Automation.

**C. Existing practices**—The chief appraiser constantly monitors the operations of the CAD to determine if employees need additional resources to complete their assigned task. Procurement of such resources is made as necessary.

**D. Existing data and maps**—The Wood Central Appraisal District's mapping system is being digitized. Currently, 100 percent of the county has digitized maps. Two employees work full time on this project.

## 4. Planning and Organization

**A. Target completion date**—The projected date for completion of field work is February 1 of each calendar year. This early completion date is critical. It will allow ample time to develop models, calibrate and test schedules. Targeted completion date for the entire reappraisal is April 1 of each calendar year.

**B. Performance objectives**—The Wood Central Appraisal District has determined the most efficient use of the field appraisers is as follows: Appraisers accomplish their field work in pairs. Two sets of appraisers are in the field at any given time. One appraiser remains in the office doing data entry and other tasks as determined by the chief appraiser or appraisal supervisor.

Appraisers are rotated on a weekly basis. An individual appraiser will remain in the office each 5<sup>th</sup> week.

**C. Specific action plan and schedule**—The field work will begin on or near August 1 of the current year. All field appraisers will work the same school district until field work is completed. The Wood Central Appraisal District obtained Pictometry with change finder. This tool is high resolution aerial photography of the county. This tool will allow the appraisers to look at each account, to which they are responsible; adding or removing structures to said property. This will not eliminate field work but should enhance the appraisers ability to ensure property is appraised correctly. They will have the ability to measure two significant sides (as outlined in the TPTC).

The schedule will be as follows:

**2019 Reappraisal:  
Quitman and Alba**

**2020 Reappraisal  
Mineola, Hawkins and Overlap**

**D. Critical activities with completion dates**—Sales data retrieval and analysis will begin January 1 of each year. This process will continue until April 1 of the following year. April 1 is the date, which we expect to have all preliminary values completed and ready to mail the Notice of Appraised Value.

Field appraisal completion date is predicted to be March 1. Weather permitting.

**E. Production Standards for field activities**—The appraisers will print, place in order and be responsible to see that their work is completed in a timely manner. Each appraiser will maintain a personal map to give a visual reference to where they are in the field process.

**The following steps should be followed by the appraisers when in the field:**

1. Appraisers are expected to be in the field by 8:30 a.m. (weather permitting).

2. Appraisers should be sure they have their assigned work, iPads, blank field sheets, tape measures, identification badges and any other necessary equipment they may need for their daily duties.
3. Appraisers may wear shorts during their fieldwork. They must be of modest appeal. The attire will be at the discretion of the chief appraiser or the appraisal supervisor.
4. Identification badges will be worn on appraiser's clothing when they are outside the office. NO EXCEPTIONS.
5. Each appraiser will carry business cards for distribution upon request.
6. When the appraisal team arrives at a property they should immediately proceed to the house and knock on the door or ring the doorbell. Adequate time should be given for the homeowner to respond. If no response, continue with measuring the house. Under no circumstances go into a house without the homeowner permission.
7. You will encounter "No Trespassing" signs. If there is no gate, proceed to the house and follow rule 6. If the gate is locked and you can see the improvements make your best estimate of its size and classification.
8. If you encounter a property owner who asks you to leave the property, immediately leave. Once you have exited the property, make note on the appraisal card and estimate the value of the improvements.
9. Appraisers must not deviate from their daily task without permission from the chief appraiser or the asst. chief appraiser.
10. Appraisers can coordinate between themselves the driving arrangements. A calendar is used to schedule driving days.
11. Data entry should be split between the two appraisers or the appraisers may decide how they prefer to handle it.
12. Each team of appraisers should carry a camera. Take pictures of all new improvements.
13. You are expected to conduct yourself in a professional manner at all times.

## 5. Mass Appraisal System

**Forms and procedures revised**—The appraisal field information cards have been updated in a simpler format. The intention is to make the field appraiser’s job more efficient without compromising accuracy.

## 6. Pilot Study

**A. Test new/or revised appraisal methods**—Appraisal methods are followed as outlined in the USPAP manual.

**B. Ratio Study by market area**—All sales data is gathered and installed on the main computer using True Automation software developed for said purpose. This data can be broken down by any number of determining factors. IE., school districts, cities, counties, subdivisions, abstracts, etc.

**C. Determine if values are accurate and reliable in certain market areas---**

### Defining Market Areas

**MARKET AREA:** Wood County continues to experience a tremendously rapid growth. According to the United States Census Bureau, the population of Wood County was **29,380** in 1990.

The 2000 population rose to **36,752**.

The 2004 estimate was **40,752**.

The 2010 estimate is **42,306**.

These figures are based on people living within the boundaries of Wood County. It does not factor in the numerous people who have established Wood County as a second home. Another 1/3 could be added to these population figures when considering absentee property owners within the county.

Although we are seeing growth throughout the county, the major market areas in Wood County are located near Lake Fork and the four county owned lakes. The demand for “lake front” properties is at an all time high. The choice properties on Lake Fork have become occupied. This has created a demand for property on the county lakes. High demand and a limited number of available properties have caused the lakefront properties on these smaller lakes to skyrocket.

Acreage tracts have become a popular commodity. Metropolitan buyers are paying premium price for larger (20+) acres.

Additionally, the cities of Winnsboro, Quitman and Mineola are for the most part equal and could be considered a Market area.

Yantis and Alba could under most circumstances be viewed as one market area. Hawkins is isolated in the southeastern corner of the county and is a market all to itself.

There are exceptions in each of these school districts. Areas such as Holly Lake Ranch in Hawkins and Harmony, Land's End in Yantis are entities all to themselves. Holly Lake, if incorporated, would be among the largest cities in Wood County.

**Life Cycle of a Market Area:** The typical, but not necessarily universal, four-stage cycle that describes the life pattern of market areas. These stages include:

**Growth**—a life cycle stage in which the market area gains public favor and acceptance.

**Stability**—a life cycle stage in which the market area experiences equilibrium without market gains or losses.

**Decline**—a life cycle stage characterized by renewal, redevelopment, modernization, and increasing demand.

**Revitalization**—a life cycle stage characterized by renewal, redevelopment, modernization, and increasing demand.

Wood County falls into the “Growth” cycle. Several reasons can be sighted to explain this theory.

Lake Fork is a major tourist attraction. Lake Fork is one of if not the prime bass fishing lake in the United States. Several hundred thousand fishermen migrate to Lake Fork in search of “the big bass.” Consequently, many of these anglers decide to retire to this area.

Wood County also provides a rural country setting which the city dwellers find comforting. They move from areas of high property values and find that Wood and the surrounding counties land values to be much lower. Therefore, they compete for the limited number of acres for sale.

Wood County has seven small school districts which gives students a more one-on-one learning environment. This appeals to many parents with school age children. The county also has adequate medical facilities and doctors. Many younger families are moving to Wood County because of the short drive to the major cities of Dallas, Tyler, and Longview.

#### **Evaluating Market Areas:**

As stated in this document, the Wood Central Appraisal District gathers sales information in various ways. We send both the buyer and seller letters requesting the sales price. Local realtors are also helpful in obtaining this information.

The sales ratio for each category within a school district is analyzed. Each category of property is then studied to determine which areas are near market value and which areas are outside the accepted range. Further modifications are made according to the sales ratio results from each category within each school district. We have in place neighborhood codes for each subdivision, abstract, survey, city and individual areas within these jurisdictional locations. We group together (when possible) like subdivisions, abstract, surveys, etc and perform another sales ratio for that area. The properties will be adjusted within each neighborhood to achieve the desired market result.

## **7. Data Collection**

**A. New Construction**—The Wood Central Appraisal district field appraisers gather information on new construction in several ways. They are given the construction deeds from the deed department. Deeds of Trust are also used to alert the appraiser to possible new construction. Wood County does not require building permits. The larger cities in the county do require such permits and the appraisers will gather them from each entity. Further, the Wood Central Appraisal District does an on-sight inspection of all real property each year. This allows the WCAD to be confident that all new construction is accounted for.

**B. Remodeling**—The Wood Central Appraisal district field appraisers gather information on remodeled properties in several ways. They are given the construction deeds from the deed department. Deeds of Trust are also used to alert the appraiser to possible new construction. Wood County does not require building permits. The larger cities in the county do require such permits and the appraisers will gather them from each entity. Further, the Wood Central Appraisal District does an on-sight inspection of all real property each year. This allows the WCAD to be confident that all exterior signs of remodel (add on, etc) is accounted for.

**C. Inspection of problematic market areas**—Problematic areas within the county are inspected yearly and analysis of sales data is used to determine the effectiveness of the appraisal valuation process.

**D. Inspection of universe of properties on a specific cycle (4-6 years)**—The WCAD continually is scrutinizing universe of properties to command these properties reflect current market values and trends.

## **8. Valuation**

**A. Market Analysis**—Sales data is gathered from several sources not limited to Multiple Listing Services, buyer and seller sales informational letters. This sales information is then analysis by school district, cities, abstracts, subdivisions, etc.

**B. Model Development**—A model for each classification of property is built using the Marshal & Swift Cost manual. USPAP standards indicate we must use a “nationally known cost manual.” Marshal & Swift meets this criteria. Once the cost model has been developed the analyzer calibrates the data.

**C. Model Calibration**—When the cost model has been completed, the analyzer generates a ratio analysis study of sold properties to determine the span between the actual sale price and the sale price of the property. This conclusion will result in a percentile of a plus (+) or (-) depending on if the model value is higher or lower than the sale price indication. Percentage factors are determined and applied to the model to correspond with the sales price within each category of property.

**D. Calculation of preliminary values**—Upon determining the indicated value of the model (our goal is to be in the range of 95% to 1.05% of market value), the land and improvement schedules are entered into the main computer. When this task has been completed the system administrator recalculates all properties within the district.

**E. Testing values for accuracy and uniformity**—Testing for accuracy and uniformity is determined by procuring and analyzing various forms of the sales ratio report. If these test determine inaccuracy, steps C & D will be repeated and inspected for errors.

## **9. The Mass Appraisal Report**

### **Wood County Appraisal District 2019-2020 Mass Appraisal Report**

#### **INTRODUCTION:**

##### **Scope of Responsibility**

The Wood Central Appraisal District has prepared and published this report to provide our citizens and taxpayers with a better understanding of the district’s responsibilities and activities. This report has several parts: a general introduction and then several sections describing the appraisal effort by the appraisal district.

The Wood Central Appraisal District (CAD) is a political subdivision of the State of Texas created effective January 1, 1980. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A member board of directors, appointed by the taxing units within the boundaries of Wood 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 the local property tax appraisal and exemption administration for 20 jurisdictions or taxing units in the county. Each taxing unit, such as the county, a city, school district, municipal utility district, etc., 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. Appraisals established by the appraisal district allocate the year's tax burden on the basis of each taxable property's January 1<sup>st</sup> MARKET VALUE. We also determine eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, and charitable and religious organizations.

Except as otherwise provided by the Property Tax Code, *all taxable property is appraised at its "market value" as of January 1<sup>st</sup>*. Under the tax code, "market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

1. Exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
2. 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;
3. Both the seller and buyer seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

The Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (23.23), productivity (Sec. 23.41), real property inventory (Sec 23.12), dealer inventory, (Sec. 23.121, 23.124, 23.1241 and 23.127,) nominal (Sec 23.18) or restricted use properties (Sec. 23.83) and allocation of interstate property (Sec. 23.03). The owner of real property inventory may elect to have the inventory appraised at its market value as of September 1<sup>st</sup> 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 1<sup>st</sup>.

The Texas Property Tax Code under Sec. 25.18, requires each appraisal office to implement a written plan to update appraised values for real property and personal property at least once every three years. The written plan is adopted by the appraisal district's board of directors as required by section 6.05, Texas Property Tax Code. The approved written plan for this tax year is included as an attachment to the report and can be found in the addenda Section at the end of this mass appraisal report. The district's current policy is to conduct a general reappraisal of real property every year. Appraisal values are reviewed annually and are subject to change for purpose of equalization. Personal property is also appraised every year.

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. In cases where the appraisal districts contracts for professional valuation services, the contract that is entered into by each appraisal firm requires adherence to similar professional standards.

## 10. Value Defense

**A. Informal Appeals**—Informal appeals will be held at the Wood Central Appraisal District offices beginning with the mailing of the Notice of Appraised Value. Each appraiser will have the evidence, the schedules and notes made during the scheduling process.

To the best of our abilities, we will explain to the taxpayer how we arrived at the values. At all times employees will strive to attain the highest regard and respect for the taxpayer.

*The appraisers may ask the property owners to bring pictures, estimates of repairs, comparable sales, listing prices of homes in the area or anything that might benefit the property owner in an informal hearing.*

**B. Formal Appeals**—If after the informal appeals the property owner is not satisfied with the appraisal of his/her properties they may file a written protest notice to appeal to the appraisal review board or may request their hearing be conducted by an arbitrator chosen by the Comptrollers' Property Tax Division. This process also requires written appeal.

The property owner will be mailed a time and date to appear before the appraisal review board. This notice of time and date will be at least 15 days prior to the hearing date. The taxpayer may waive the 15 day notice.

If the taxpayer appeals to an arbitrator, the arbitrator will contact the property owner and the appraisal district of the time, date and location of the hearing.

**C. Burden of proof evidence for market value and equity.**—The Texas Property Tax Code places the burden of proof on the appraisal district. The property owner, by request, shall be provided all evidence the appraisal district will use for their hearing.

**Wood County Appraisal District  
2019-2020  
Summary Report**

**Standard 6**

**In developing a mass appraisal, an appraiser must be aware of, understand, and correctly employ those generally accepted methods and techniques necessary to produce and communicate credible appraisals.**

STANDARD 6 is directed toward the aspect of developing and communicating competent analysis, opinions, and conclusions in the appraisal of a universe of properties. Mass appraisals are used primarily for the purpose of ad valorem taxation. The reporting and jurisdictional exceptions applicable to public mass appraisals prepared for purposes of ad valorem taxation do not apply to mass appraisals prepared for other purposes.

Mass appraisals can be prepared with or without computer assistance and are often developed by teams of people. The validity of mass appraisal conclusions is frequently tested or contested by single-property appraisals. In the context of STANDARD 6, the terms appraisal and mass appraisal both refer to the appraisal of a universe of properties, whether real property, personal property, or both.

The JURISDICTIONAL EXCEPTION may apply to several sections of STANDARD 6 because ad valorem tax administration is subject to various state, county and municipal laws.

**Standards Rule 6-1**

**In developing a mass appraisal, an appraiser must:**

**(a) be aware of, understand, and correctly employ those generally accepted methods and techniques necessary to produce a credible appraisal;**

Mass appraisal uses:

1. Division of tasks-appraisals begin with the field appraisers locating properties. Improvements, if any, are measured to determine the square footage of amenities such as living area, carports, porches, decks, etc. The appraiser must then determine the class for the improvement and make a judgment on the amount of value lost to depreciation.
2. Standardized data collection and analysis-a common set of data characteristics for each residential dwelling in Wood County is collected in the field and data entered to the

WCAD mainframe computer. The property characteristic data drives the computer-assisted mass appraisal approach to valuation.

3. Properly specified and calibrated valuation models; and

4. Standards and measurements of the accuracy of the data collected and values produced.--the valuation models were extracted using the comparable classification examples in the Marshall & Swift Residential handbook. Sales of vacant land were used to determine either a square foot or an acreage value. The M & S handbook was used to determine the cost to build using the area modifier of Tyler, Texas. Once the cost to build schedules were determined they were compared and refined to an existing number of samples to determine their accuracy. A sales ratio report was completed during each step of the process for accuracy. The worksheets and ratio studies can be found in the Wood County Appraisal District manual titled Summary, Maps and Pricing Information.

Rule 6-1 recognizes that the principle of change continues to affect the manner in which appraiser perform mass appraisals. Changes and developments in the real estate field have a substantial impact on the appraisal profession. Revisions in appraisal theory and practice result from changes in the cost and manner of constructing and marketing commercial, industrial, residential, and other types of real estate; changes in the legal framework in which real property rights and interests are created, conveyed, mortgaged, and taxed; corresponding changes in appraisal theory and practice; and, social and economic changes.

The appraisal profession is constantly reviewing and revising appraisal methods and techniques and devising new methods and techniques to meet new circumstances. Mass appraisers must continuously improve their skills to remain proficient.

**(b) must not commit a substantial error of omission or commission that significantly affects an appraisal**--In performing appraisal services an appraiser must be certain that the gathering of factual information is conducted in a manner that is sufficiently diligent to ensure that the data that would have a material or significant effect on the resulting opinions or conclusions are considered. An appraiser must use sufficient care in analyzing such data to avoid errors that would significantly affect his or her opinions and conclusions.

**(c) must not render a mass appraisal in a careless or negligent manner**--Perfection is impossible to attain and competence does not require perfection. However, an appraiser must not render an appraisal in a careless or negligent manner. This rule requires an appraiser to use due diligence and due care. The fact that carelessness or negligence of an appraiser has not caused an error that significantly affects his or her opinions or conclusions and thereby seriously harms a client or a third party does not excuse such carelessness or negligence.

**Standards Rule 6-2**

**In developing a mass appraisal, an appraiser must observe the following specific appraisal guidelines:**

**(a) consider the purpose and intended use of the appraisal**-While identification of the client's intended use of an appraisal, consulting, or review report is also a business concern, this activity is an essential step to be taken by an appraiser in performing professional appraisal, consulting, or review services. Although an appraiser bound by USPAP must identify and consider the client's intended use of the appraiser's report appraisal, consulting, or review opinions and conclusions, an appraiser must not allow a client's intended use or the requirements of any user of the report to affect the appraiser's independence and objectivity in performing an assignment. An appraiser must not allow a client's objectives to cause the analysis or report to be biased.\*\*Additional information can be found on Page 87 of USPAP 1998 Edition in Statement On Appraisal Standards No. 9.

**(b) identify any special limiting conditions**-Expenditure levels for assessment administration are a function of a number of factors. Fiscal constraints may impact data completeness and accuracy, valuation methods, and valuation accuracy. While appraisers should seek adequate funding and disclose the impact of fiscal constraints on the mass appraisal process, they are not responsible for constraints beyond their control.

**(c) identify the effective date of the appraisal**-The effective date for the appraisal of property for ad valorem purposes is January 1 unless otherwise specified in the Property Tax Code.

**(d) define the value being considered; if the value to be estimated is market value, the appraiser must clearly indicate whether the estimate is the most probable price:**

**(i) in terms of cash**

**(ii) in terms of financial arrangements equivalent to cash; or**

**(iii) in such other terms as may be precisely defined; if an estimate of value is based on below market financing or financing with unusual conditions or incentives, the terms of such financing must be clearly set forth, their contributions to or negative influence on value must be described and estimated, and the market data supporting the valuation estimate must be described and explained.**

**(e) identify the real estate and personal property, as applicable**--The universe of properties should be identified in general terms and each individual property in the universe should be identified with the information on its identity stored or referenced in its property record.

**(f) in appraising real property:**

**(i) identify and consider any personal property, trade fixtures, or intangible items that are not real property but are included in the appraisal**--This guideline requires the appraiser to recognize the inclusion of items that are not real property in the overall value estimate. Expertise in personal property or business appraisal may be required to allocate each overall value to its various components. Separate valuation of such items is required when they are significant to the overall value.

**(ii) consider whether an appraised physical segment contributes pro rata to the value of the whole--**This guideline does not require the appraiser to value the whole when the subject of the appraisal is a fractional interest or a partial holding. However, if the value of the whole is not considered, the appraisal must clearly reflect that the value of the property being appraised cannot be used to estimate the value of the whole by mathematical extension.

**(g) identify the property interest--**

**(i) consider known easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations, special assessments, ordinances, or other items of similar nature.**

**(ii) consider whether an appraised fractional interest or partial holding contributes pro rata to the value of the whole.**

This guideline does not require the appraiser to value the whole when the subject of the appraisal is a fractional interest or a partial holding. However, if the value of the whole is not considered, the appraisal must clearly reflect that the value of the property being appraised cannot be used to estimate the value of the whole by mathematical extension

**(h) in appraising real property, consider the effect on use and value of the following factors: existing land use regulations, reasonably probable modifications of such regulations, economic supply and demand, the physical adaptability of the property, neighborhood trends, and the highest and best use of the property.**

This guideline sets forth a list of factors that affect use and value. In considering neighborhood trends, an appraiser must avoid stereotyped or biased assumptions relating to race, age, color, gender, or national origin or an assumption that race, ethnic, or religious homogeneity is necessary to maximize value in a neighborhood. Further, an appraiser must avoid making an unsupported assumption or premise about neighborhood decline, effective age, and remaining life. In considering highest and best use, an appraiser should develop the concept to the extent required for a proper solution of the appraisal problem.

**(i) recognize that land is appraised as though vacant and available for development to its highest and best use and that the appraisal of improvements is based on their actual contribution to the site**

**Standards Rule 6-3**

**In developing a mass appraisal, an appraiser must:**

**(a) identify and consider the appropriate procedures and market information required to perform the appraisal, including all physical, functional, and external market factors as they may affect the appraisal--**

This customarily includes the development of standardized data collection forms, procedures, and training materials which are used uniformly on the universe of properties under consideration.

**(b) employ generally accepted techniques for specifying property valuation models--**

Mass appraisers must develop mathematical models that, with reasonable accuracy, represent the relationship between property value and supply and demand factors, as represented by quantitative and qualitative property characteristics. The models may be specified using the cost, sales comparison or income approaches to value. The appropriate approaches should be used in appraising a class of properties. The concepts of accepted techniques apply to both real and personal property valuation models.

**(c) employ generally accepted techniques for calibrating mass appraisal models-**

calibration refers to the process of analyzing sets of property and market data to determine the specific parameters of a model. The table entries in a cost manual are examples of calibrated parameters, as well as the coefficients in a linear or non linear model. Models should be calibrated using generally accepted techniques, including, but not limited to, multiple linear regression, non linear regression and adaptive estimation.

**Standards Rule 6-4**

**In developing a mass appraisal, an appraiser must observe the following specific appraisal guidelines, when applicable:**

**(a) collect, verify, analyze and reconcile such data as are necessary and appropriate to:**

- (i) estimate cost new of the improvements;**
- (ii) estimate accrued depreciation;**
- (iii) estimate value by sales of comparable properties;**
- (iv) estimate value by capitalization of income.**

This rule requires appraisers engaged in mass appraisal to take reasonable steps to ensure that the quantity and quality of the factual data that are collected are sufficient to produce credible appraisals. For real property, systems for routinely collecting and maintaining ownership, geographic, sales, income and expense, cost, and property characteristics data should be established. These systems are in place at the WCAD. *Geographic data should be contained in a complete set of maps compiled according to current standards of detail and accuracy.* Sale data is collected by sending a sale survey to the new owner and seller on, or about, the first day of each month. The sales from the Multiple Listing Service (MLS) is reviewed quarterly.

**(b) base projections of future rental rates, expenses, interest rates, capitalization rates, and vacancy rates on reasonable and appropriate evidence.**

This guideline requires an appraiser, in developing income and expense statements and cash flow projections, to weigh historical information and trends, current market factors affecting such trends, and reasonably anticipated events, such as competition from developments either planned or under construction.

**(c) consider and analyze terms and conditions of any available leases.**

**(d) consider the need for and extent of any physical inspection.**  
**Standards Rule 6-5**

In applying a calibrated mass appraisal model an appraiser must:

**(a) value improved parcels by accepted methods or techniques based on the cost approach, the sales comparison approach, and income approach, as applicable;**

**(b) value sites by generally accepted methods or techniques; such techniques include but are not limited to the sales comparison approach, allocation method, abstraction method, capitalization of ground rent and land residual technique;**

**(c) when estimating the value of a leased fee estate or a leasehold estate, consider and analyze the effect on value the terms and conditions of the lease**--in ad valorem taxation the appraiser may be required by rules or law to appraise the property in fee simple, as though unencumbered by existing leases.

**(d) consider and analyze the effect on value, if any, of the assemblage of the various parcels, divided interests, or component parts of a property; the value of the whole should not be estimated by adding together the individual values of the various parcels, divided interests or component parts** -when the value of the whole has been established and the appraiser seeks to estimate the value of a part, the value of any such part must be tested by reference to appropriate market data and supported by an appropriate analysis of such data.

**(e) consider and analyze the effect on value of anticipated public or private improvements, located on or off the site, to the extent that market actions reflect such anticipated improvements as of the effective appraisal date; appraised proposed improvements only after examining and having available for future examination;**

**(i) plans, specifications, or other documentation sufficient to identify the scope and character of the proposed improvements;**

**(ii) evidence indicating the probable time of completion of the proposed improvements; and**

**(iii) reasonably clear and appropriate evidence supporting development costs, anticipated earnings, occupancy projections and the anticipated competition at the time of the completion.**

Proposed improvements are not appraised for ad valorem tax purposes. Appraisers are sometimes asked to provide estimates of value of proposed improvements so that developers can estimate future property tax burdens.

### **Standards Rule 6-6**

**In reconciling a mass appraisal an appraiser must:**

**(a) consider and reconcile the quality and quantity of data available and analyzed within the approaches used and the applicability or suitability of the approaches used.**

**(b) employ generally accepted mass appraisal testing procedures and techniques to ensure that standard of accuracy are maintained.**

It is implicit in mass appraisal that, even when properly specified and calibrated mass appraisal models are used, some individual value estimates will not meet standards of reasonableness, consistency, and accuracy. Appraisers engaged in mass appraisal have a professional responsibility to ensure that, on an overall basis, models produce value estimates that meet attainable standards of accuracy. This responsibility requires appraisers to evaluate the performance of models, using techniques including, but not limited to, goodness of fit statistics, hold out samples, analysis of residuals, and appraisal to sale ratio data.

### **Standards 6-7**

**In written summary report of a mass appraisal for ad valorem taxation or a written report of a mass appraisal for any other purpose should clearly communicate the elements, result, opinions, and value conclusions of the appraisal.**

**Documentation for a mass appraisal for ad valorem taxation may be in the form of (1) property records, (2) reports, (3) manuals, (4) regulations, (5) statutes, and (6) other acceptable forms.**

**Each written report of a mass appraisal for any purpose other than ad valorem taxation must:**

- (a). clearly and accurately set forth the appraisal in a manner that will not be misleading;**
- (b). contain sufficient information to enable the intended users of the appraisal to understand the report properly;**
- (c). clearly and accurately disclose any extraordinary assumptions, hypothetical conditions, or limiting conditions that directly affects the appraisal and indicate its impact on value.**

**Furthermore, each written report of a mass appraisal for any purpose other than for ad valorem taxation, and, when provided, a written summary report of a mass appraisal for ad valorem taxation must:**

- (a). state the purpose and intended use of the appraisal;**
- (b). disclose any assumptions or limiting conditions that result in deviation from generally accepted methods and techniques or that affect analyses, opinions, and conclusions;**

Comment: One limiting condition that must be disclosed is whether or not any physical inspection was made.

- (c). set for the effective date of the appraisal;**

Comment: In ad valorem taxation the effective date of the appraisal may be prescribed by law. If no effective date is prescribed by law, the effective date of the appraisal, if not stated, is presumed to be contemporaneous with the data and appraisal conclusions.

- (d). define the value;**

- (e). identify the properties appraised including the property rights;**

Comment: The report should document the sources for locating, describing, and listing the property. When applicable, included references to legal descriptions, addresses, parcel identifiers, photos, and building sketches. In mass appraisal this information is often included in property records. When the property right to be appraised are specified in a statute or court ruling, the law should be referenced.

- (f). describe and justify the model specification(s) considered, data requirements, and the models chosen;**

Comments: The user and affected parties must have confidence that the process and procedures used conform to accepted methods and result in credible value estimates. In the case of mass appraisal for ad valorem taxation, stability and accuracy are important to the credibility of value opinions. The summary report should include a discussion of the rationale for each model, the calibration techniques to be used, and the performance measures to be used.

- (g). describe the procedure for collecting, validating, and reporting data;**

Comment: The summary report should describe the sources of data and the data collection and validation processes. Reference to detailed data collection manuals should be made, including where they may be found for inspection.

- (h). describe calibration methods considered and chosen, including the mathematical form of the final model(s); describe how value estimates are reviewed; and, if necessary, describe the availability of individual value estimates.**
- (i). in the case of real property, discuss how highest and best use was determined;**

Comment: The mass appraisal summary report should reference case law, statute, or public policy that describes highest and best-use requirements. When actual use is the requirement, the report should discuss how use-value opinions were developed.

- (j). identify the appraisal performance tests used and set forth the performance measures attained.**
- (k). provide any additional information necessary to explain the appraisal, more fully, including departures permitted by the DEPARTURE RULE; and**
- (l). contain a signed certification by the appraiser in a manner consistent with applicable laws, rules, or regulations and generally accepted appraisal practices for mass appraisals prepared for ad valorem taxation; and, for mass appraisals prepared for other purposes, contain a signed certification in accordance with Standards Rule 6-8.**

**Standards Rule 6-8 (This Standard Rule contains binding requirements from which departure is not permitted.)**

**Each written mass appraisal for purpose other than ad valorem taxation must contain a signed certification that is similar in content to the following form:**

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

**\* the statements of fact contained in this report are true and correct.**

**\* the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.**

**\* I have no (or the specified) present or prospective interest in the property that is the subject of this report, and I have no (or the specified) personal interest with respect to the parties involved.**

**\* I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.**

**\* my compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.**

**\* my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.**

**\* I have (or have not) made a personal inspection of the property that is the subject of this report. (If more than one person signs the report, this certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)**

**\* no one provided significant professional assistance to the person signing this report. (if there are exceptions, the name of each individual providing significant professional assistance must be stated.)**

# Wood County Appraisal District 2019-2020 Summary Report

## Introduction

### Purpose

The purpose of this report is to better inform the property owners within the boundaries of the Wood County Appraisal District (WCAD) and to comply with Standards Rule 6-7 of the Uniform Standards of Professional Appraisal Practice (USPAP), effective January 1, 1998. Standards Rule 6-7 addresses a written summary report of a mass appraisal for ad valorem taxation. Mass Appraisal is the process of valuing a group of properties as of a given date, using standard methods, and employing common data, which allows for statistical testing. The intended use of the appraised values is to establish a tax base upon which a property tax will be levied. Each taxing unit within WCAD boundaries will use the appraised values for ad valorem tax purposes only.

The purpose of the appraisals performed by WCAD is to estimate market value on January 1 of each year as defined by the Texas property Tax Code (Sec. 1.04) on all taxable property with the boundaries of WCAD. "Market Value" is defined by Sec. 1.04 as the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- (A) exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- (B) both the seller and the purchaser 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
- (C) both the seller and the purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

## Responsibilities

The appraisal district is responsible for appraising property in the district for ad valorem tax purposes for each taxing unit that imposes ad valorem taxes on the property in the district. WCAD serves the public and fifteen (15) taxing entities of Wood County.

Taxing entities in Wood County are composed of six school districts, six cities, the county, the waste disposal district, Holly Lake Emergency Services District and the Quitman hospital district.

The appraisal district certified to Wood County a total of **4.60** billion in market value for **2018** with a parcel count of **81736**. The following properties are contained in these numbers:

- \*Real, single family
- \*Real, multi-family
- \*Real, vacant lots/tracts
- \*Real, acreage
- \*Real, farm & ranch improvements
- \*Real, commercial & industrial
- \*Real, oil, gas, and other mineral reserves
- \*Real & Personal, utilities
- \*Tangible Personal, business
- \*Tangible Personal, mobile homes
- 12341** homestead properties

## **Organizational Structure**

The Wood County Appraisal District was created by the Texas Legislature. WCAD appraises property and prepares assessments of real and personal property taxes for fifteen taxing entities in Wood County, Texas. WCAD is a political subdivision of the State of Texas. The appraisal district is governed by a five member board of directors appointed by the taxing entities in the County. The board appoints the chief appraiser who serves at the pleasure of the board. The board also approves the budget and sets policy. The chief appraiser is the chief administrator of the appraisal district and may employ and compensate professional, clerical, and other personnel as provided by the budget. The chief appraiser may delegate authority to his employees.

WCAD currently has twelve (12) employees. The chief appraiser, assistant chief appraiser, five staff appraisers, two mapping, three records and customer assistant employees and an executive secretary.

All appraisers are required to be registered with the Texas Department of License and Regulations (TDLR). The TDLR registration requires that each appraiser must successfully complete a five-year educational program and pass a required number of course hours within a specified time. Additionally, all appraisers must pass review exams at levels three and four of the certification program. After successfully completing the required curriculum and approval of a demonstration appraisal, an appraiser is awarded the designation of Registered Professional Appraiser (RPA). There is also a requirement of at least 30 hours of continuing education units every two years in order to recertify the RPA designation. WCAD currently has seven RPA's on staff. The WCAD appraisal staff stays abreast of current trends affecting property through review of published materials, attendance at conferences, course work, and continuing education.

Each appraiser is assigned a geographical area within the boundaries of WCAD. Appraisers are responsible for the discovery, listing, data entry, and appraisal of all types of property within their assigned area, unless specific types of property have previously been assigned to another appraiser. Appraisers continually strive to improve the quality and performance of all appraisals.

### **Philosophy Statement**

The Wood County Appraisal District believes that the most important asset of the District is its people. Every employee is important and deserves to be treated fairly with consideration and respect. WCAD believes in providing good working conditions, a safe, clean and friendly work place to help each employee do his or her job effectively. We also believe that every employee has an obligation to develop his or her talents to the fullest.

The Wood County Appraisal District exists for the purpose of providing services to the property owners and taxing units within our jurisdiction. It is important that we recognize our responsibility to provide quality services on a cost effective basis. Every property owner should be approached in a respectful, positive and friendly manner. Property owners should be assisted in a timely and courteous fashion. WCAD employees have an obligation as public servants to promote goodwill toward all property owners; not only in manner but also by example.

Because of the nature of our work, not every property owner will be pleased with the outcome of their contact with WCAD. What is important is that everyone who encounters our office should have reason to feel that a knowledgeable and qualified person handled his or her matter in a fair and equitable manner.

### **Assumptions and Limiting Conditions**

1. Title to the property is assumed good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. all existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. The appraisers developing these appraisals are not required to give testimony or attendance in court by reason of the appraisals, unless directed by, employed by, and provided legal counsel by the Wood County appraisal District.
4. All properties are appraised in fee simple interest in accordance with Texas Property Tax Code Section 25.06. (Jurisdictional exception to Standards Rule 6-4 (c) and 6-5 (c) of USPAP)
5. All sketches in the appraisal records are intended to be visual aids and may be rounded measurements and should not be construed as surveys or engineering reports, etc.
6. All information in the appraisal records have been obtained by members of the appraisal district's staff or other reliable sources.
7. The appraisal staff has inspected, as permitted, by observation, the land and the improvements thereon; however, it is not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made as to these matters, unless specifically considered in an individual appraisal.
8. All interior inspections are performed at the property owner's request by appointment. All other inspections performed are external and assume the quality, condition and desirability of the interior are approximately equal to that of the exterior, unless otherwise known.
9. Agricultural land is appraised at market value using a market data model based on market sales information. However, it may also be subject to appraisal using an income model specified in Section 23, Sub-chapters C, D, and E of the Texas Property Tax Code. (Jurisdictional Exception to 6-4 (b) of USPAP)

10. Subsurface rights (minerals and oil) are not considered in making these appraisals.

11. Due to the lack of readily available zoning information from various sources the highest and best use for a property is normally considered to be its current use. however, when zoning information is submitted by the property owner, that information is considered in making the determination of highest and best use.

The following summary reports are presented to be more specific about the appraisal of various property types within Wood County Appraisal District.

## **Single-Family Residences 2019-2020 Summary Report**

### **Overview**

Single-family residences consist of all land and real property improvements, which by the nature of their design and/or construction are suitable for single-family use only. This includes manufactured homes, which are classified as real property when the owner of the land is also the owner of the manufactured home and personal property when the owner of the manufactured home does not own the land.

### **Assumptions and Limiting Conditions**

The appraisals completed by WCAD for single-family residences are subject to the following assumptions and limiting conditions:

1. The Wood County Appraisal District's staff has physically inspected all single-family residences in Wood County and all properties are re-inspected within a three year period. Interior inspections have not been done on a majority of the properties in the county because (a) most residential owners are not at their residence during regular business hours, (b) permission to inspect is not always granted, (c) the safety of the appraiser may be in question, and (d) respect for privacy rights of the property owner should be exercised.
2. The opinion of value for each single-family property applies to land and improvement only. The value of personal property of an owner has not been included with the value of the real estate. The only personal property that is valued as an improvement only is a manufactured home where the owner of the home does not own the land. See Sec. 11.14 (a) of the Texas Property Tax Code.
3. Residential real property inventory as defined by the Texas Property Tax Code in Section 23.12 shall be considered as inventory and the market value shall be the price for which it would sell as a unit to a purchaser who would continue the business. (Jurisdictional Exception to Standard Rule 6-5 (d) of USPAP)
4. Single-family qualified properties used to provide affordable housing are appraised to comply with Section 23.22 of the Texas Property Tax Code. (Jurisdictional Exception to Standards Rule 6-4 (b) of USPAP)

## **Data Collection and Validation**

Two basic types of data are collected: data, which is specific to each property, and data that is indicative of a particular class of property that has been pre-defined by WCAD.

Property specific data is collected as part of the inspection process and through submission by the property owner. As part of the inspection process, the improvements are measured and classified. The appraiser also estimates the effective age and condition of the improvements. Any additional or unusual features are also noted at the time of the inspection. Data on individual properties is maintained on the appraisal card(s) for that property. Data on individual properties is verified through previously existing records, published reports, building permits, analysis of comparable properties, and through submission by the property owner. Appraisal cards are available for review at the appraisal district office.

Data pertaining to a class of properties is grouped together according to the differing quality levels, and then used to develop valuation models for each property class. Such data is collected in a variety of ways. Cost information is obtained from nationally recognized sources, local contractors, new construction permits, mechanics liens, reliable sources of new property sales, and from renditions submitted by owners. All local information is used to verify, supplement, or modify costs from these published sources. New models and cost tables are currently under construction and are being used in test areas. Renditions are confidential submissions by property owners and cannot be used for other properties. However, data from renditions may be compared with data obtained from cost manuals to test their accuracy. A comprehensive appraisal manual for residential property is maintained by WCAD.

Market sales information is collected through a variety of sources including surveys of buyers and sellers, deed records, and from local real estate professionals.

### **Valuation Approach and Analysis**

Improvements are appraised using replacement cost new less depreciation models. Replacement costs are estimated from published sources, other publicly available information, and comparable properties. Depreciation is calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence, and the experience of knowledgeable appraisers. Adjustment for functional and economic obsolescence may be made if diminished utility and comparable sales are found to justify such. A market data model based on typical selling prices per unit of area is also used when appropriate sales information is available. Land values are based on selling prices for the appropriate highest and best use of the site, and as though it were vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact.

### **Reviewing and Testing**

Field review of appraisals is performed through the regular inspection of subject properties. A computer assisted statistical review of property value changes is also conducted. Ratio studies are performed and are the preferred method for measuring performance. The results of the performance measures used indicate the validity of the appraisal models used. Ratio studies are performed on all areas and categories of property within the WCAD. Appraisal results are also tested annually by the Property Tax Division of the Texas Comptroller's Office. Appraisal methods and procedures are also reviewed by the Property Tax Division.

### **Depreciation**

**Wood CAD places both and “Actual Age” (when known) and an “Effective Age” on structures. However, observed depreciation is the most commonly used in factoring depreciation. This “observed depreciation” method tends to be the most accurate.**

Schedule on next page

### Depreciation Schedule Single Family Residence

		F 1	F 2	F 3	F 4	F 5	F 6
		M 8	M 9	M 10	M 11	M 12	M 13
EFF YR	Age	(35 Yr)	(40 Yr)	(45 Yr)	(50 Yr)	(55 Yr)	(60 Yr)
2011	1	98	99	100	100	100	100
2010	2	98	99	100	100	100	100
2009	3	98	99	100	100	100	100
2008	4	96	98	98	99	99	99
2007	5	95	96	96	97	98	98
2006	6	93	96	96	97	97	97
2005	7	92	95	95	96	96	96
2004	8	91	95	95	96	96	96
2003	9	90	94	94	95	95	96
2002	10	89	92	92	93	94	94
2001	11	88	91	91	92	92	93
2000	12	87	90	90	91	91	92
1999	13	86	90	90	91	91	92
1998	14	85	89	89	90	90	91
1997	15	84	89	89	90	90	91
1996	16	83	88	88	89	89	90
1995	17	82	88	88	89	89	90
1994	18	81	87	87	88	88	89
1993	19	80	86	87	88	88	89
1992	20	79	85	86	87	88	89
1991	21	78	83	85	86	87	88
1990	22	77	83	84	85	86	88
1989	23	76	81	83	84	85	87
1988	24	75	79	81	82	84	86
1987	25	74	78	80	81	83	86
1986	26	73	77	79	80	82	85
1985	27	72	76	78	79	82	85
1984	28	71	75	77	78	81	84
1983	29	70	74	76	77	80	83
1982	30	69	73	75	76	80	83
1981	31	68	73	74	75	79	82
1980	32	67	72	74	75	79	82
1979	33	65	71	73	74	78	81
1978	34	64	70	71	72	77	80
1977	35	63	70	71	72	77	79
1976	36	61	69	70	71	76	78
1975	37	60	66	68	70	75	78
1974	38	59	65	67	69	74	77
1973	39	58	63	66	68	73	77
1972	40	57	63	66	68	73	77
1971	41	56	60	64	67	72	75
1970	42	55	59	63	67	72	75
1969	43	53	57	62	66	71	74
1968	44	51	55	60	65	70	74
1967	45	50	53	58	63	69	73
1966	46	49	53	57	61	68	72
1965	47	48	53	57	60	66	71
1964	48	46	51	55	59	65	69

1963	49	44	49	53	57	64	67
1962	50	42	47	52	56	61	65
Depreciation Schedule—Single Family Residence (continued)							
1959	53	37	42	48	53	59	62
1958	54	36	41	47	52	57	61
1957	55	35	40	45	49	54	60
1956	56	34	39	43	47	53	59
1955	57	32	38	42	46	52	57
1954	58	32	37	40	45	51	56
1953	59	32	36	39	44	50	55
1952	60	32	35	38	43	49	54
1951	61	32	35	38	43	49	54
1950	62	32	35	38	43	49	54
1949	63	32	35	38	43	49	54
1948	64	32	35	38	43	49	54
1947	65	32	35	38	43	49	54
1946	66	32	35	38	43	49	54
1945	67	32	35	38	43	49	54

## **Multi-Family Properties 2019-2020 Summary Report**

### **Overview**

Multi-family properties with situs in this district are appraised at market value as previously defined.

### **Assumptions and Limiting Conditions**

The appraised value derived is subject to the following assumptions and limiting conditions:

1. For multi-family properties only, the market value stated is for land, improvements and the personal property common to the classification and economic area. The business personal property value is insignificant to the overall value.
2. Wood County Appraisal District staff physically inspected all apartment complexes for the 2003 tax year. Duplex properties are inspected by the appraiser as they field inspect residential property, typically yearly.
3. For a multi-family property that is used to provide affordable housing the property is appraised to comply with Texas Property Tax Code section 23.22. (Jurisdictional exception to Standard Rule 6-2 (d) of USPAP)

### **Data Collection and Validation**

Two basic types of data are collected: data, which is specific to each property, and data, which is indicative of a particular property class that has been pre-defined by WCAD.

The property appraised has a multi-family use. This classification of properties includes apartment complexes and duplex properties. Properties of this classification are discovered and their characteristics recorded during periodic field inspections, investigation of building permits issued through political entities, and investigation of mechanic liens recorded with the county clerk. Geographically, these properties are located throughout the county.

Specific property data is collected at the time of inspection or re-inspection and through submissions by property owners. Characteristics of a specific property's physical improvements and amenities are recorded and stored electronically and may be printed on an appraisal card(s). Appraisal cards are available for review at the district office.

Sale data is taken from deed records, local real estate professionals, a sales service publication, written appraisal reports, and telephone contact with principals. Sales are

validated with the principals when possible. Sales data for properties is account specific and retained electronically.

General market data is gathered from multiple sources. Environmental, economic, political, and social influences vary geographically and by property use. Neighborhoods have been delineated to reflect competing properties within a use and the influences on that use. Apartment properties were assigned a comparative classification in the inspection process. Duplexes are classed in compliance with pre-defined classing criteria.

### **Valuation Approach and Analysis**

Based on the principal of substitution, land values are determined by selling prices for similarly positioned functional tracts. Sites are analyzed for highest and best use as though they were vacant. highest and best use of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact.

New apartment construction is valued based on actual cost, when available. If actual costs are not available, national cost manuals are compared to the estimated cost on the building permit.

For apartment complexes within the appraisal district, personal property value is included with the real property estimate. This practice is due to the district's reliance on sales information and the income approach to value. Sales prices reported to the district are for the total property, real and business personal, and the income approach develops a value indication for all property necessary to sustain stabilized income, for the total property. The business personal property value is considered an insignificant portion of the overall property value.

Duplex properties are appraised by market adjusted cost models. Property classifications are delineated and each classification's descriptive characteristics are set forth in WCAD appraisal manuals. Sales ratio studies are generated for each classification.

## **Review and Testing**

Field review of appraisals is performed through the regular inspection of subject properties. A computer assisted statistical review of property value changes is conducted. Ratio studies are reviewed for level of appraisal, bias, and appropriateness of neighborhood boundaries. Results of the performance measures used indicate the validity of the appraisal models.

Preliminary values are reviewed in consideration of classification. Value indications are compared to renditions and valid single property appraisals submitted for staff review. Final value recommendations are tested for reasonableness by performing a sales ratio study. During the appeal process, property specific income and expenses are reviewed for reasonableness and values are adjusted as necessary.

Appraisal results are tested annually by the Property Tax Division of the Comptroller of Public Accounts for the State of Texas. Appraisal methods and procedures are also reviewed by the Property Tax Division.

## **Income and Expense Data**

Valuation by the income approach requires information on income and expenses. Sources of market data for rental income and expense include national publications, local sources, and the property owner. National organizations collect information from owners and managers in major cities on local rents and operating expenses for various types of commercial property. An appraiser can use the information judiciously to determine whether the subject property appears consistent with experience reported nationally.

## **Obtaining Income and Expense Data**

Income and expense data are not needed on each property, but sufficient data are needed to estimate typical income and expense figures for various types of income producing properties. Once collected there are five methods of gathering income and expense information:

1. Mail questionnaires
2. Personal interview
3. Telephone
4. Appeals
5. Published studies and other third-party sources.

## **Using the Income approach**

The income approach is used in cases of properties that may not have sufficient market data available. The income approach has limited use in the fact that the data is many times skewed and unreliable. However, at the discretion of the chief appraiser, the Income Approach may be used on individual properties as one of the accepted appraisal methods determining value of properties.

## **Collecting Data**

The Chief Appraiser may send questionnaires, phone calls, check with property owners in an effort to collect adequate data for consideration of the Income Approach. This information is not readily available in our county and furthermore, the property owners are very reluctant to divulge this information. However, due diligence will be made to acquire such data.

Once this information is developed the staff must attempt to establish market rents for the different types of properties taking into account the vast differences of location, etc.

## **Rent**

It is often that the Market Rent will differ from the actual rent that a property is procuring. Economic Factors should be weighed in this procedure. Is the property equivalent with other like properties in the rent sample? If so, why is the property owner asking less than he could acquire on the open market? Possible answers would be that owner does not have knowledge of the actual property rent potential or a financial situation is involved where one party is paying hidden cost such as property taxes, building insurance, etc. These should be factored in during the determination process.

## **Depreciation**

Wood CAD places both and “Actual Age” (when known) and an “Effective Age” on structures. However, observed depreciation is the most commonly used in factoring depreciation. This “observed depreciation” method tends to be the most accurate.

## **Commercial Property 2019-2020 Summary Report**

### **Overview**

This type of property consists of all land and improvements in Wood County that are classed "commercial" according to the properties highest and best use.

### **Assumptions and Limiting Conditions**

The appraisals completed by WCAD are subject to the following assumptions and limiting conditions:

1. The opinion of value for each property applies to land and improvements only. The value of trade fixtures, furnishing and other equipment has not been included with the value of the real estate.
2. The Wood County Appraisal District's staff has physically inspected all properties in the county and normally re-inspects these properties once every three years. Complete interior inspections have not been done on all the properties in the county.

### **Data Collection and Validation**

Two basic types of data are collected: data which is specific to each property and data which is indicative of a particular class of property that has been pre-defined by WCAD.

The property owner collects property specific data as part of the inspection process and through submission. As part of the inspection process, the improvements are measured and classified. Properties are classified according to construction type and quality. The appraiser also estimate the effective age and condition of the improvements. Any additional or unusual features are also noted at the time of the inspection. Data on individual properties is maintained on the appraisal card(s) for that property. The data includes legal description, situs, owner address, parcel number, and the property specific information such as class, quality, measurements, condition, etc. Data on individual properties is verified through previously existing records, published articles and reports, building permits, mechanics liens, analysis of comparable properties, and through information obtained from the property owner. Appraisal cards are available for review at the appraisal district office.

Data pertaining to a class of properties is used to develop valuation models for that property class. Such data is collected in a variety of ways. Cost information is obtained from nationally recognized sources, as well as from new construction permits, mechanics liens, local contractors, reliable sources of sales on new property, and renditions submitted by the property owners. Cost information on newly constructed improvements is also used to verify and/or modify costs from published sources. New models and cost tables are currently under construction using this information and are being used in test areas. Renditions are confidential submissions by property owners and cannot be used for other properties. However, data from renditions may be compared with data obtained from cost manuals to test their accuracy.

Market sales information is collected through surveys of buyers and sellers in addition to real estate publications, reports, and public records.

### **Valuation Approach and analysis**

Land values are based on selling prices for the appropriate highest and best use of the site analyzed as though vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended used and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact.

Improvements are valued using replacement/reproduction cost new less depreciation. Cost tables are constructed using published sources as a guide and adjustments are applied using local market information. Adjustments are also applied for functional and economic obsolescence if utilization, sales, and income information warrant. An income approach is also used when economic and/or subject property income information is available. A market data model based on typical selling prices per unit of similar properties is used when sufficient information is available.

The cost approach to value is most accurate and reliable when appraising new construction. In older areas or areas of transition, cost is calculated and considered. However, due to the difficulty of measuring accrued depreciation, more weight is applied to the market and income approaches.

### **Review and Testing**

Field review of appraisal is performed through the regular inspection of subject properties. A computer generated statistical review is also conducted. The statistical report includes appraisal to sales ratio, coefficient of dispersion, and other statistical measures. The performance measures used validate the results of the appraisal model

Although the ratio study is the preferred method of measuring performance, single property appraisals submitted to the appraisal staff are also reviewed for appraisal

accuracy. The appraiser reviews the submitted appraisal report. Appraisal results are tested annually by the Property Tax Division of the Texas Comptroller's Office. Appraisal methods and procedures are also reviewed by the Property Tax Division.

Wood County Appraisal District contracts with Pritchard & Abbott for the annual reappraisal of some real property in the commercial and industrial property types. Pritchard & Abbott primarily appraises special purpose real properties that are subject to review by WCAD.

Wood County Appraisal District also contracts with Pritchard & Abbott for the reappraisal of all mineral properties within the Wood County Appraisal District.

Pritchard & Abbott is required to submit Property Inspection Letters to the Wood CAD with the Date and Time of Inspection.

The Wood CAD Staff attends the inspections at the discretion of the Chief Appraiser.

The summary reports of Pritchard & Abbott for compliance with Standards 6-7 of the USPAP are attachments to this document.

### **Income and Expense Data**

Valuation by the income approach requires information on income and expenses. Sources of market data for rental income and expense include national publications, local sources, and the property owner. National organizations collect information from owners and managers in major cities on local rents and operating expense<sup>4s</sup> for various types of commercial property. An appraiser can use the information judiciously to determine whether the subject property appears consistent with experience reported nationally.

### **Obtaining Income and Expense Data**

Income and expense data are not needed on each property, but sufficient data are needed to estimate typical income and expense figures for various types of income producing properties. Once collected there are five methods of gathering income and expense information:

1. Mail questionnaires

2. Personal interview
3. Telephone
4. Appeals
5. Published studies and other third-party sources.

### **Using the Income approach**

The income approach is used in cases of properties that may not have sufficient market data available. The income approach has limited use in the fact that the data is many times skewed and unreliable. However, at the discretion of the chief appraiser, the Income Approach may be used on individual properties as one of the accepted appraisal methods determining value of properties.

### **Collecting Data**

The Chief Appraiser may send questionnaires, phone calls, check with property owners in an effort to collect adequate data for consideration of the Income Approach. This information is not readily available in our county and furthermore, the property owners are very reluctant to divulge this information. However, due diligence will be made to acquire such data.

Once this information is developed the staff must attempt to establish market rents for the different types of properties taking into account the vast differences of location, etc.

### **Rent**

It is often that the Market Rent will differ from the actual rent that a property is procuring. Economic Factors should be weighed in this procedure. Is the property equivalent with other like properties in the rent sample? If so, why is the property owner asking less than he could acquire on the open market? Possible answers would be that owner does not have knowledge of the actual property rent potential or a financial situation is involved where one party is paying hidden cost such as property taxes, building insurance, etc. These should be factored in during the determination process.

### **Depreciation**

For Commercial property, other than that appraised by Pritchard and Abbott, is valued using the Marshall & Swift valuation software that is ran through the current software vendor, True Automation. Marshall & Swift is a nationally known cost indicator and its depreciation schedule is based off of both actual and effective age of the property.

## **Business Personal Property 2019-2020 Summary Report**

### **Overview**

Business personal property is the tangible personal property owned by a business or by an individual for the purpose of producing income. Other tangible personal property is exempt according to Sec. 11.14 (a) of the Texas Property Tax Code.

### **Assumptions and Limiting Conditions**

The appraisals completed by the WCAD are subject to the following assumptions and limiting conditions:

1. Wood County Appraisal District staff personally inspects every business each year. Re-inspection schedules for business personal property are as follows: (1) Each year a list of properties that were not rendered for the previous year is compiled and visited. (2) These properties are checked to be sure that they are still in business. (3) New businesses that are not conducted from residential locations are visited before they are placed on the roll.

### **Data Collection and Validation**

Data on new and existing businesses is collected through personal inspection, newspaper articles, government reports, comparisons to like businesses, renditions, and other confidential information supplied by the owner. Due to the multitude of personal property types, there is no standard data collection form or manual. We have attempted to standardize the data collection through a procedural method for business personal property that WCAD has developed and continues to maintain.

### **Valuation Approach and Analysis**

Personal property as defined by the Uniform Standards of Professional Appraisal Practice is "identifiable, portable and tangible objects which are considered by the general public to be "personal", e.g. furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment: all property that is not classified as real estate." The Texas Property Tax code Section 1.04 (5) defines tangible personal property as "...personal property that can be seen, weighed, measured, felt, or otherwise perceived by the senses but does not include a document or other perceptible object that constitutes evidence of a valuable interest, claim or right and has negligible or no intrinsic value." The Texas

Property Tax Code Section 1.04 (4) defines personal property as "...property that is not real."

The purpose of the appraisals of business personal property is to estimate market value on January 1 of each year as previously defined in the introduction. A separate definition of market value for inventory is found in the Texas Property Tax Code Sec. 23.12 (a), "... the market value of an inventory is the price for which it would sell as a unit to a purchaser who would continue the business." The Texas Property Tax Code sets forth three (3) ways in which inventory may be valued if the requirements are met:

- (A) Section 23.12 (f) allows some inventories to qualify for appraisal as of September 1 of the year before January 1 of the taxable year.
- (B) Section 23.121, 23.127, 23.1241 and 23.12D dictate that dealers in new and used vehicles, vessels, outboard motors and trailers, manufactured housing and heavy equipment be valued differently. (Jurisdictional exception to Standard Rule 6-3 (b) & (c))
- (C) Section 23.12 (a) covers the inventories of remaining businesses.

Personal property is appraised using original cost less depreciation models. Depreciation is calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence, and the experience of knowledgeable appraisers. Adjustments for functional and economic obsolescence may be made if utilization for the subject property justifies such. In the case of some personal property types, such as licensed vehicles and aircraft, market data from published pricing guides is used to construct a market value model. In other cases, models are based on quality and density information available through published sources or through private sources. These models are cost based.

### **Review and Testing**

Field review of appraisals is performed through the inspection of subject properties. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process. A computer assisted statistical review of property value changes is also conducted.

Sales for most types of personal property are infrequent. Furthermore, many market transactions occur for multiple sites and include both real and personal property, tangible and intangible, thereby making analysis difficult, subjective, and inadequate to develop a

statistical analysis. Performance is measured through comparison of like businesses as well as applying quality and density models to units of comparison. Performance is also measured through comparison with valid single property appraisals submitted for staff review. WCAD's appraisal methods, procedures, and values are subject to review by the Property Tax Division of the Texas Comptroller's Office.

Wood County Appraisal District contracts with Pritchard & Abbott for the annual reappraisal of some business personal property. Pritchard & Abbott primarily appraises special purpose personal property that is subject to review by WCAD.

The summary reports of Pritchard for compliance with Standards 6-7 of USPAP are attachments to this document.

### **Certification**

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

- \* The statements of fact contained in this report are true and correct.
- \* The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are the appraisal staff's personal, unbiased professional analyses, opinions, and conclusions.
- \* I have no present or prospective interest in the property that is the subject of this report, save and except the ownership of my personal residence and

personal auto, and I have no personal interest or bias with respect to the parties involved.

\* My compensation is not contingent on the reporting of a predetermined value, or direction in value, that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

\* My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

\* I have not made a personal inspection of the property that is the subject of this report. The WCAD appraisal staff makes personal inspections.

\* Persons providing significant professional assistance to the person signing this report are listed below:

Pritchard & Abbott  
Byron George RPA

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Tracy Nichols RPA, RTA, CTA  
Chief Administrator/ Appraiser

## **Personnel Resources**

The Office of the Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling of districts operations. The Administration Department's function is to plan, organize, direct and control the business support functions related to human resources, budget, finance, records management, purchasing, fixed assets, facilities and postal services. The Appraisal Department is responsible for the valuation of all real and personal property accounts. The property

types appraised include commercial, residential, business personal, and industrial. The district's appraisers are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Board of Tax Professional Examiners. Support functions including records maintenance, information and assistance to property owners, and hearings support are coordinated by the Support Services Department.

The appraisal district staff consists of \_\_12\_\_ employees with the following classifications:

- \_\_1\_\_-Official/Administrator (Executive level administration)
- \_\_2\_\_-Professional (Supervisory and Management)
- \_\_5\_\_-Technicians (Appraiser, program appraisers and network support)
- \_\_4\_\_-Administrative Support (professional, customer service, clerical and other)

## **Certification**

We certify that, to the best of our knowledge and belief: this report is true and accurate. The reported analyses, opinions and conclusions are limited only by the assumptions and limiting conditions and is our personal, unbiased professional analyses, opinions, and conclusions. We have no present or prospective interest in the property that is subject of this report, and we have no personal interest or bias with respect to the parties involved.

Our compensation is not contingent on a predetermined or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulate result, or the occurrence of a subsequent event. Our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

The appraisal staff provided professional assistance to the person signing this report for Wood County Appraisal District as well as one appraisal service contractor. Pritchard and Abbott is contracted for appraisal services of mineral properties, large commercial and industrial properties and well as personal property of these large industries.

The following Staff appraisers provided significant assistance in the valuation of real and personal property within Wood County Appraisal District. Tracy Nichols, Chief Appraiser; Byron George, Assistant Chief Appraiser; Mark Ward, Senior Appraiser and Personal Property; Tina Shaw, Appraiser; Ray Wyrick, Appraiser; and Lisa Jones, Appraiser.

The appraisal assignments only pertain to appraising properties for ad valorem taxes. I have not made a personal inspection of all of the properties that are the subject of this report. However, staff appraisers have inspected the properties in the appraisal district to which this report is submitted. As of the date of this report we have completed the requirements under the continuing education program of the State Property Tax Code.

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Tracy Nichols—Chief Appraiser

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Byron George-Asst. Chief Appraiser

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Mark Ward—Senior Appraiser

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Tina Shaw—Appraiser

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Ray Wyrick—Appraiser

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Lisa Jones—Appraiser

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DATE