

2013 MASS APPRAISAL REPORT

This report form is designed to report the appraisal process utilized for the mass appraisal of property located in Cooke County, Texas. This mass appraisal report includes residential, commercial and personal property values. These values are used for ad valorem taxation purposes and will start with a 100 percent market value estimation which may be modified due to tax law, exemptions, or special-use valuation to reflect an assessed value.

This appraisal report is subject to the following: scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications.

All the documentation is not contained in this report. Other documentation may be in the form of (1) property records, (2) sales ratios and other statistical studies, (3) appraisal manuals and documentation, (4) market studies, (5) model building documentation, (6) regulations, (7) statutes, and (8) other acceptable forms.

Elements, results, opinions, and value conclusions of this mass appraisal are listed on individual appraisal records as well as combined on other reports.

SCOPE OF WORK:

Cooke CAD understands and employs recognized methods and techniques to produce credible mass appraisal. The mass appraisal processes are not rendered in a careless or negligent manner. The following approaches are utilized in the mass appraisal.

The **cost approach** is utilized for both real property and personal property. "*Marshall & Swift*", a nationally recognized cost handbook is utilized along with local building contractors. Personal property cost is researched through various sources referred to throughout the personal property manual.

The **market approach** is utilized for both real property and personal property; however the personal property resources are limited at best. A sales file is maintained in the computer system. The sales are verified and collected from various sources, including but not limited to: questionnaires sent to the buyers & sellers, protest hearings, Board of Realtor's MLS, builders, realtors, independent fee appraisers, and sales vendors. Raw land sales and abstracted land sales are compared. Improvement schedules are checked and re-checked after allowing for depreciation and abstracting the land value. Influences and characteristics are noted and compared.

The **income approach** is utilized mainly for commercial real property and special use valuation. Income producing property where income is considered a leading indication of value is best suited for income methodology. Market rent, market vacancy and collection losses allowable, other allowable expenses and expense ratios are established from the market. Rates and multipliers are used to convert income into an estimation of market value. These include income multipliers, overall capitalization rates and discount rates. These procedures are documented in the Income Valuation Manual.

Cost / Market schedules have been utilized for the mass appraisal process. The benchmark / models used for calibration are detailed and maintained in the Cooke County Appraisal District Appraisal Manual. Other specifications including depreciation schedules and maps identifying neighborhoods and subsets are also included in the manual.

Property measurements and individual relevant characteristics are determined during field visits. Market areas and other factors are noted. The schedule models are considered, then chosen. The data is recorded, stored and maintained in a computer system using individual accounts. These account values are reviewed in the office, reviewed again by management and finally reviewed through statistical testing to verify the accuracy and uniformity of the estimates of value. [Procedures for collecting, validating, and reporting data can be referenced throughout the Cooke County Appraisal District's *Appraisal Manual*.]

The **highest and best use** is the most reasonable and probable use that generates the highest present value of the real estate as of the date of valuation. The highest and best use of any given property must be physically possible, legally permissible, financially feasible, and maximally productive. For improved properties, highest and best use is evaluated as improved and as if the site were still vacant. This assists in determining if the existing improvements have a transitional use, interim use, nonconforming use, multiple uses, speculative use, excess land, or a different optimum use if the site were vacant. For vacant tracts of land within this jurisdiction, the highest and best use is considered speculative based on the surrounding land uses. Improved properties reflect a wide variety of highest and best uses which include, but are not limited to: office, retail, apartment, warehouse, light industrial, special purpose, or interim uses. In many instances, the property's current use is the same as its highest and best use. This analysis insures that an accurate estimate of market value (sometimes referred to as value in exchange) is derived. On the other hand, value in use represents the value of a property to a specific user for a specific purpose. This is significantly different than market value. Real property located in Cooke County will be subject to the highest and best use analysis with one exception granted by law. Homesteaded property, property granted a homestead exemption, will be appraised at the residential value in use. Reference Tax Code Section 23.01(c) as added by Acts 2009, 81st Leg., ch. 1405, effective January, 2010. Business personal property is appraised at it's value-in-use within the trade level.

Statistical analyses are performed annually and throughout the year to evaluate whether values are equitable and consistent with the market. Ratio study statistics include, but are not limited to, the mean, the weighted mean, the median, standard deviation, coefficient of variation, and coefficient of dispersion.

INTENDED USE:

The intended use is for ad valorem tax purposes.

INTENDED USER(S):

The governmental entities using the appraised values to levy and collect tax revenue include: Cooke County, Gainesville Hospital, Muenster Hospital, North Central Texas College, Callisburg I.S.D., Collinsville I.S.D., Era I.S.D., Gainesville I.S.D., Lindsay I.S.D., Muenster I.S.D., Pilot Point I.S.D., Saint Jo I.S.D., Sivells Bend I.S.D., Valley View I.S.D., Walnut Bend I.S.D., Whitesboro I.S.D., Callisburg City, Gainesville City, Lindsay City, Muenster City, Pilot Point City, Valley View City, Clear Creek Water District, and Muenster Water District.

Additionally, all property owners are encouraged to use their appraisal and review the appraisal results to ensure their information is correct and therefore their tax liability is equable.

Cooke County Appraisal District is a governmental office and as such is subject to open records. Information and appraisals of all property can literally be used by anyone.

DEFINITION OF MARKET VALUE:

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

- Exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- Both the seller and the buyer know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use, and;
- Both the seller and buyer seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other. TX PROPERTY TAX CODE Sect. 1.04.(7)

The Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec. 23.23), productivity (Sec. 23.41), real property inventory (Sec. 23.12), dealer inventory (Sec. 23.121, 23.124, 23.1241 and 23.127), nominal (Sec. 23.18) or restricted use properties (Sec. 23.83) and allocation of interstate property (Sec. 23.03). The owner of business property inventory may elect to have the inventory appraised at its market value as of September 1st of the year proceeding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1st.

Ownership rights of the real property are considered as fee simple.

Information on the appraisal is included in property records on the field appraisal cards. These appraisal cards will include the following: location, describing and listing the property, legal descriptions, addresses, parcel identifiers, photos, and building sketches.

Cooke CAD collects, verifies, and analyzes the data necessary to develop: new cost of improvements, accrued (physical) depreciation, functional obsolesces, and economic/market factors. Land value is determined along with the market value of the whole property by comparable sales and by capitalization of income.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS:

The appraiser’s certification in this report is subject to the following assumptions and limiting conditions:

- 1) The appraiser(s) will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she becomes aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render opinions about the title.
- 2) The appraiser provides a sketch in this appraisal report to show the approximate dimensions of the improvements rounded to the nearest foot. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser’s determination of its size.
- 3) The appraiser examines the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and notes in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

- 4) The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
- 5) The appraiser notes in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing the appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
- 6) The appraiser bases his or her appraisal report and valuation conclusion for an appraisal subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

EFFECTIVE DATE OF THE APPRAISAL AND DATE OF THE REPORT:

January 1st, 2011 is the effective date of the appraisal, as is set forth in property tax law. (With the exception of business property inventory which may elect to use September 1st, 2011.) Sales data used for this appraisal will include various stages: retrospective, current and prospective.

APPRAISER'S 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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions
- I have no present or prospective interest in the property that is the subject of this report, and I have no 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 engagement in this assignment was not contingent upon developing or reporting predetermined results.

- My compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have not made a personal inspection of all the properties that are the subject of this report.
- The following list of appraisers provided significant mass appraisal assistance to the person signing this certification. Debbie Rinner, Donna Allen, Jan Mosig, Chet Gregg, B.J. Campbell, and Jerry Metzler. Also the appraisers who work for the appraisal firm of "Pritchard and Abbott, Inc.", which is employed by Cooke County Appraisal District.
- All the appraisers mentioned either have their "**Registered Professional Appraiser**" designation or are in the process of obtaining their **RPA**. They are all registered with the Texas Department of Licensing and Registration TDLR.

DATED: 4-19-13

Chief Appraiser:

Signature 
Name Doug Smithson
Company Cooke County Appraisal District

Notarized by: 
Date 4/19/13

