



2023- 2024 Reappraisal Plan

**Adopted by the Board of Directors
After a Public Hearing
September 7, 2022**

**Resolution for the Reappraisal
Of Property Within
The Freestone Central Appraisal District**

WHEREAS the Chief Appraiser of the Freestone Central Appraisal District is charged with the legal responsibility of appraising all property and determining the taxable value of such properties: and

WHEREAS such appraisals must be conducted in a manner that is compliant with generally accepted appraisal theory and professional requirements of the Uniform Standard Professional Appraisal Practices (USPAP), the appraisal standards of the International Association of Assessing Officers (IAAO), and the laws of the State of Texas; and

WHEREAS Section 6.05 (i) of the Texas Property Code requires the board to adopt a biennial reappraisal plan no later than September 15 of even-numbered years to ensure adherence with generally accepted appraisal practices; and

WHEREAS such reappraisal plan must include a schedule of planned appraisal and reappraisal activities, including personnel assignments and inspection schedules; and

WHEREAS a reappraisal plan may only be adopted after the board of directors of the appraisal district holds a public hearing to consider a proposed plan; and,

WHEREAS the public was given notice of the public hearing to consider the 2023-2024 reappraisal plan thru the publication of a *Public Notice of Hearing to Consider the 2023-2024 Reappraisal Plan for Freestone Central Appraisal District* in the August 31, 2022, editions of the Fairfield Recorder, Freestone County Times, and Teague Chronicle: and

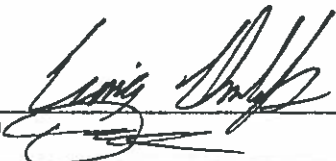
WHEREAS the Board of Directors did conduct a public hearing on September 7, 2022, to consider a reappraisal plan for 2023 and 2024; and

WHEREAS after closing the public hearing and reconvening in a regular meeting with a quorum present, the board by motion, second, and majority vote did agree to adopt said reappraisal plan as presented.

NOW THEREFORE BE IT RESOLVED that the appraisal and reappraisal activities for 2023-2024 shall be conducted in the manner outlined in the 2023-2024 Reappraisal Plan for Freestone Central Appraisal District unless otherwise amended by the board of directors.

Signed this 7th day of September, 2022.



Chairman 

Secretary _____

Chief Appraiser 

Preface

The purpose of this document is to inform the taxpaying public of the mission, legal requirements, organization, workload, past performance, and necessary changes to the district's operations to accomplish the plan requirements regarding the valuation and revaluation of taxable property within Freestone Central Appraisal District as summarized in the last section of this document.

In compliance with Section 6.05(i) of the Property Tax Code of the State of Texas, the board of directors of the Freestone Central Appraisal District conducted a public hearing to consider the adoption of the following reappraisal plan.

Mission

The mission of Freestone Central Appraisal District is to discover, list and appraise property as accurately, ethically and impartially as possible in order to estimate the market value of all property within the boundaries of the district for ad valorem tax purposes. The district must make sure that each taxpayer is given the same consideration, information and assistance as the next. This will be done by administering the laws under the property tax system.

Personnel must be well educated and informed regarding laws, appraisal practices and the rights of taxpayers and the entities alike. This will be accomplished through attendance of key personnel to workshops sponsored by the Texas Association of Appraisal Districts, the Texas Association of Assessing Officers, the Texas Rural Chief Appraiser's Association as well as workshops conducted locally for in-house staff development. Additionally, the staff will promote and adhere to professional standards and ethics as set forth by the Texas Department of Licensing, The Appraisal Standards Board of the Appraisal Foundation (USPAP), the Texas Association of Appraisal Districts and the Texas Association of Assessing Officers.

Legal Mandates

FCAD is a Central Appraisal District formed by the Texas Legislature in 1979 and is charged with the appraisal of all taxable property within the district.

The district appraises all taxable property for the following taxing authorities:

Freestone County,
City of Fairfield,
City of Teague,
City of Wortham,
Dew I. S. D.,
Teague I. S. D., and
Teague Hospital District

Additionally, the district provides appraisals of taxable property within Freestone County for the following entities whose territory extends into more one county.

City of Streetman,
Buffalo I. S. D.,
Fairfield I. S. D.,
Oakwood I. S. D.,
Corsicana I. S. D.,
Wortham I. S. D.,
Mexia I. S. D., and
Fairfield Hospital District

The Texas Property Tax Code governs the legal, statutory, and administrative requirements of the appraisal district. It is governed by a board of directors appointed by the taxing units within its boundaries. The chief appraiser, appointed by the board of directors, is the chief administrator and chief executive officer of the appraisal district.

The appraisal district is responsible for local property tax appraisal, including the qualifications for special use valuation determination (i.e. timber, wildlife, and “ag” valuation) as well as exemption administration for the fifteen taxing units located in part or whole in the county. Each taxing unit, such as the county, a city, school district or hospital district, 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. The CAD also determines eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, and charitable and religious organizations.

Section 23.01(b) requires the appraisal district to determine market value of property according to generally accepted appraisal methods and techniques. Mass appraisal standards must comply with the Uniform Standards of Professional Appraisal Practice (USPAP). The same or similar appraisal methods and techniques shall be used in appraising the same or similar kinds of property. However, each property shall be appraised based upon the individual characteristics that affect the property’s market value.

Property will be appraised by the district using the following definition of market value, as stated in

Section 1.04 of the Texas Property 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 purchaser know all of 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 purchaser seek to maximize their gains, and neither is in a position to take advantage of the exigencies of the other.*

According to Section 6.05 (i) of the Property Tax Code, the district is required to hold public hearings and adopt a reappraisal plan by resolution before September 15 of even numbered years. The plan must list in detail the district's intentions regarding the reappraisal of property within the district over the following biennial period. Notice must be given at least 10 days before the hearing to the presiding officers of each of the district's participating taxing units. After adoption, the adopted plan must be delivered to each of the presiding officers of each of the district's participating taxing units as well as to the Texas Comptroller of Public Accounts within 60 days of approval.

Except as otherwise provided by the Property Tax Code, all taxable property will be appraised at its "market value" as of January 1st. Inventory owners who file a request by the 31st of July prior to the appraisal year will have their property appraised at market value as of September 1.

Organization

The district is governed by a board of five directors elected by the governing bodies of the participating taxing units. The county tax assessor/collector serves on the board as an ex officio member.

The board of directors is responsible for:

- Establishing the district's office;
- Adopting the district's annual operating budget;
- Contracting for necessary services;
- Hiring the chief appraiser;
- Appointing the Appraisal Review Board (ARB);
- Appointing the Agricultural Advisory Board; and,
- Making general policy of the district's operation.

The board's authority over appraisals is limited. The board does not appraise property or review values on individual properties. These tasks are legally assigned to the chief appraiser and the Appraisal Review Board (ARB). The board's authority over appraisals comes through its duties to contract and budget for the district's operation.

The ARB is appointed by the District Administrative Judge to hear and settle formal taxpayer protests. The board's decisions are binding to the district's records. The district may file suit in district court to have an ARB decision overturned if the chief appraiser and board of directors so choose.

The Agricultural Advisory Board is appointed by the Board of Directors, according to the recommendations of the Chief Appraiser in accordance with Section 6.12 of the Property Tax Code and FCAD Administrative Policy 3.00. Its purpose is to advise the chief appraiser on the valuation and use of land that may be designated for agricultural use or that may be open space agricultural or timber land within the district.

The chief appraiser is the chief administrator of the district and is responsible for the district's appraisal operations. The appraisal district staff is employed and directed by the chief appraiser.

Workload

The district is responsible for establishing and maintaining appraisal records for real, personal, mineral, and industrial property accounts within the district. This data includes property characteristic data and exemption information.

Data on new construction is updated through an annual field effort; existing property data is maintained through a field review according to the periodic reappraisal plan adopted by the board of directors. Mobile homes frequently move into and out of the district quickly. Their locations are particularly difficult to determine when owners do not own the land where the mobile home is situated. Reports of location from the Texas Department of Housing are helpful but many times the situs location reported on the form is incorrect or nonexistent. Tracking mobile homes becomes a cumbersome task that slows the production of field reviewers.

The district aggressively seeks sales information from buyers, sellers, fee appraisers, realtors, and commercial sources in an effort to expand the sales database used to test appraisal models. The district performs statistical testing (ratio studies) to identify areas where added attention is needed. Final studies are performed in April each year to calibrate appraisal models for the appraisal year. The models are applied to the appraisal records and tested for uniformity. The testing cycle continues until the desired appraisal level for all property classifications is between 95 percent and 105 percent and the overall coefficient of dispersion is under 20.

The district maintains its website (freestonecad.org), making information available to the public via the internet including:

- Policies of the Board of Directors and Appraisal Review Boards;
- Agendas and minutes for meetings of the Board of Directors, Appraisal Review, and Ag Advisory Boards;
- Current public notices;
- Current and proposed budgets;
- Exemption and Special Valuation Application Forms;
- Various reports including the:
 - Utility Usage Report
 - Annual Report
 - Annual Summary Reappraisal Report, and
 - Current Reappraisal Plan;
- A calendar of appraisal and tax collection activities;
- Various informational pamphlets created by the district for taxpayer information
- Links to the Comptroller's website for ad valorem tax information;
- An interactive map of the district;
- Current certified appraisal data record search;
- Downloadable data for maps and appraisal data; and,
- Seasonal information regarding filing protests, including instructions for filing on-line protests.

Landmen, realtors, insurance offices, and the public in general are able to obtain most of the information they need from the website. When it is necessary for them to contact the district, they are usually able to provide parcel identification numbers or other identifying data from the district's records as

posted on the internet.

FCAD implements the computer assisted mass appraisal (CAMA) program licensed, maintained, and supported by Pritchard & Abbott, Inc. in Fort Worth, Texas. The software operates via a local PC network maintained in-house. The software allows the district to attach digital photographs and documents in the portable document format (pdf) to the appraisal record.

The district maintains the majority of its records electronically. All paper documents are scanned into an Adobe Acrobat file as received or generated by the district. Preserving these records in this manner has been approved by the district's board of directors and the Texas State Archives Commission. All records are electronically backed up and saved off-site daily. Once the integrity (of imagery and file location) of electronic documents has been verified, paper copies are destroyed.

The district has a mapping system that maintains maps and various layers of data including aerial photography in ESRI *ArcGIS* software. Current ownership information, along with general parcel information, is extracted from the CAMA database and linked to the GIS mapping data for general information and query purposes. All workstations within the district office are able to electronically access the maps. With various map layer files geographically associated with the district's base map, staff can easily identify property characteristics including:

- EagleView / Pictometry ortho and oblique photography exclusively produced for the district in the winter of 2021/2022,
- NRCS Soil Classification for pasture, crop, and timber types, and
- USGS topographical maps.

Other raster image files may be imported into the district's GIS database from various sources, providing powerful tools for property pre-inspection and discovery as well as identification of individual property characteristics utilized to modify the appraisal model for a specific property.

The district publishes and maintains its appraisal manual and schedules on a local intranet hosted by the personal computer network. This project eliminates the need for printed manuals that are difficult to update. The district's policies, appraisal schedules, property characteristics, and procedures are posted on the intranet and are available on every computer in the network domain.

Plan Requirements

The district is required to perform certain tasks in its reappraisal cycle according to:

- The laws of the State of Texas,
- Rules established by the Property Tax Assistance Division of the Texas Comptroller's Office (PTAD),
- Professional Standards of the International Association of Assessing Officers (IAAO), and
- The Appraisal Institute's Uniform Standard Professional Appraisal Practices (USPAP).

1. *The district will discover, list, and appraise all properties within the boundaries of the district.*

The district will identify property by physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, surveys, maps, and property sketches, building permits, utility hookups, septic tank permits, 911 address reports, Comptroller sales tax list, phone books, newspaper advertisements, subdivision maps, automobile registration lists, and mobile home location lists from the Texas Department of Housing. Reports from the Texas Railroad Commission and owner/operators will be used for the valuation of producing oil, gas, and mineral parcels.

2. *The district will perform an inspection of each improvement within its boundaries at least once every three years.*

The district will begin scheduled field review of parcels on September 1 each year. While performing the field inspections, the appraisers will review all data recorded on the district's appraisal records and look for changes in the condition of properties, i.e. fire damage, remodeling, additions, demolitions, and presence of or repair of existing physical deterioration of the improvements. Parcel and building characteristics including:

- Physical address (911 address),
- Road type,
- Utilities available,
- Building foundation, wall, and roof types,
- Building age, condition, type, and chronological age,
- Routing codes, and
- Any other notations or exceptions applied to a parcel

will be reviewed by staff appraisers.

Additionally, appraisers will be required to remeasure two sides of existing improvements on approximately one-third of the district's parcels each year (in order to meet the standards required by the PTAD and IAAO to re-measure once every four to six years). Notation of re-measurement will be recorded in the CAMA system.

Digital pictures will be taken and appended to the inspection worksheet and attached to the parcel record in the CAMA system.

All scheduled inspections will be completed by the target dates as indicated in the timeline:

During declared disasters such as the COVID-19 pandemic, these inspection schedules may be adjusted by the Chief Appraiser and the Board of Directors to ensure the safety and health of the district's staff and the general public.

- **District Scheduled Inspections.**

All improvements will be reviewed according to an improvement reappraisal schedule (*Addendum 2*). The district will strive to maximize the efficiency of the field reviewer by sorting the appraisal cards in a route order that places the records in a sequential order according to highways, streets, or roads. An inspection worksheet will be completed to verify the characteristic data collected. A front elevation picture will be taken to replace the current (appraisal) card image in the CAMA along with an oblique photo that represents the front and one side of the structure. Additional pictures will be taken that support observations of building condition along with photos of other structures on the parcel.

- **New Improvements**

The district will discover, inspect measure, classify, and add new improvements to the appraisal roll throughout the district annually. An inspection worksheet will be completed to verify the characteristic data collected. Photos will be taken in the manner as those required in regularly scheduled inspections.

Special provisions for Governor declared disasters should be followed for these inspections in the same manner as scheduled property inspections described above.

- **Requested Review from Property Owner**

The district will review parcels as requested by the property owners. Property records will be flagged for field review in the district's computer assisted mass appraisal system (CAMA) when a request is received from the property owner by mail, phone, email, or in person. An inspection worksheet will be completed to verify the characteristic data collected. Photos will be taken in the same manner as those required for regularly scheduled inspections along with additional pictures that reflect the concerns of the property owner.

Special provisions for declared disasters should be followed for these inspections in the same manner as scheduled property inspections described above.

- **Interior Inspections**

The district will only inspect the interior of structures at the written request of the property owner. Ample pictures will be taken to support any observations of the structure that may call for additional adjustment to the building value.

3. *The district will inspect each land parcel in the district at least once every three years.*

The district will begin scheduled review of all land parcels according to a land reappraisal schedule (see *Addendum 2*), utilizing the most current aerial photography available to identify land types and other characteristics that may have an effect on market value. (i.e. well sites, ravines, wasteland, etc.) An inspection worksheet will be completed to verify the characteristic data collected.

4. *The district will inspect each property that has items of personal property used for the production of income that has situs in the per field inspection timeline*

The district will begin a scheduled review of all items of personal property that are used in the production of income (*business personal property*) within the district according to an annual reappraisal schedule for business personal property (see *Addendum 2*). Each business personal property parcel will be inspected to determine a list of properties that are subject to appraisal.

Businesses will be classified according to a standard industrial classification code (SIC) that will allow for grouping and comparison of like businesses. Additionally, each inventory and furniture/fixture/equipment sequence will be classified according to quality and density ratings as determined by the district's *Business Personal Property Valuation Guidelines*, in order to validate the renditions of property owners.

5. *The district will contract with an outside firm to furnish appraisals on oil, gas, mineral, industrial, and utility properties.*

The district currently has a contract with Pritchard & Abbott for appraisal services on these properties. The firm will be contractually obligated to comply with the Uniform Standards of Professional Appraisal Practices and to use only approved appraisal techniques or techniques required by state law as employees of the district. A copy of their plan for reappraisal of the district is attached to and made a part to this plan as *Addendum 3*.

6. *The district will aggressively seek and collect valid sales information to calibrate its appraisal models.*

Sales information will be collected from letters sent to property buyers and sellers, closing statements and title policies provided by property owners, and from realtors, fee appraisers, and MLS service listings when available. Real estate sales offerings listed in local newspapers and on internet sites will be reviewed.

7. *The district will establish market areas in its mass appraisal system that consider the effects of location for adjusting its appraisal model.*

All real estate parcels will be grouped according to market areas (or neighborhoods)

according to locational influences and trends recognized from analysis of sales and real estate listings. In establishing these market areas or neighborhood, the district will be able to further adjust and refine the appraisal model for properties based upon each property's physical location.

- A. With the most general definition, the Boundaries of Freestone CAD could be considered a market area. Approximately one-third of the properties in Freestone CAD will be physically reviewed each year. These areas are identified as follows:

Area A – Year One: The southern third of the county including parts of Teague ISD, Mexia ISD, Buffalo ISD, and Dew ISD. This encompasses the City of Teague and the communities of Donie, Freestone, and Dew.

Area B – Year Two: The central and eastern section of the county primarily consisting of portions Fairfield ISD, and Oakwood ISD including the City of Fairfield.

Area C – Year Three: The northern and western parts of the county. This area consists of all of the Freestone County part of Wortham ISD, and the northern portion of Fairfield ISD not included in Area B. This includes the Cities of Wortham, Kirvin, Streetman and the communities of Steward's Mill, Winkler, St. Elmo, and the Richland Chambers Lake area.

- B. Properties are further analyzed to identify submarkets or neighborhoods that share common traits that consistently influence the value of each property within an area. Properties inside a city typically have a different market than rural properties. Specific subdivisions within a city or area could have a different market due to restrictions and quality of amenities. Sales ratio analysis is used to identify these market areas.
- C. Even within an identified submarket or neighborhood, the highest and best use is considered. Highest and best use is that use which will generate the highest net return to the property over a reasonable period of time. The use must meet the following four criteria:
 - a. Physically possible
 - b. Legally permissible
 - c. Financially feasible
 - d. Most productive

A current listing of established neighborhoods with a general location map area attached as *Addendum 4*.

8. *The district will annually conduct a performance analysis of its appraisal models.*

The district will perform statistical analysis to test its appraisal models so that all properties are appraised at a level between 95 percent and 105 percent of their current market value as of January 1 of the tax year. All properties will be appraised uniformly so that the coefficient of dispersion will be 20 or less each year. Calibrated appraisal models will be used in the form of a locally published web-based manual. The web-based manual will identify property characteristics affecting value in each market area as well as the contribution of those individual property characteristics. The district will apply the conclusion reflected in the adopted model to the characteristics of the properties being appraised to determine individual parcel values.

9. The district will uniformly modify appraisal models to account for unique property characteristics of each property.

Appraisal models for each property will be appraised utilizing the following formulas:

- For Land:

$$\text{Market Value} = (LV * RF * OLA) + (AIV * NH)$$

where:

- LV Represents the unadjusted value of the land as determined by applying the appropriate land appraisal model to the parcel's land area.
- RF Represents the modification factor (applied to land only) typically assigned for location or topography adjustments
- OLA Represents a modification factor (applied to land only) assigned at the appraiser's discretion to make further adjustments as a "cost to cure" the condition.
- AIV Represents adjusted improvement value as determined by the model formula for improvement valuation (discussed further in the valuation of improvements section below)
- NH Represents the neighborhood location factor that adjusts the value of the improvements only for location.

- For Improvements:

$$\text{Market Value} = (((S * (C + D)) + E) * A * N * E * O)$$

Where:

- S Total square footage of the unit
- C Cost (classification based upon the appropriate appraisal model)
- D Value added (or subtracted) per square foot because of deviation from the appraisal model
- E Lump sum value added (or subtracted) for any deviation from the appraisal model
- A Percent good factors, based upon the effective age and observed condition of the structure
- N Adjustment factor for market area (neighborhood), and
- O Factor for any other adjustment made at the discretion of the reviewing appraiser

Other structures attached to the property should be classified according to the district's applicable appraisal model schedule (i.e. porches, decks, carports, sheds, etc.)

- For Business Personal Property parcels where original acquisition cost and year are known:

$$\text{Market Value} = C * I * A * T$$

Where:

C	Original cost of equipment item
I	Factor that indexes historical cost (original cost) to current replacement cost
A	Percent good factors, based upon the effective age and observed condition of equipment
T	Factor for any other adjustment made at the discretion of the reviewing appraiser

- For Business Personal Property parcels where original acquisition cost and year are not known adjusted appraisal models for the Texas Property Tax Assistance Division will be utilized, using the following formula:

$$\text{Market Value} = U * C * T * S * D$$

Where:

U	Total square footage of the unit
C	Cost (classification based upon the appropriate appraisal model)
T	Trend factor, which allows for indexing of appraisal models for location and economic conditions.
S	Service factor based upon the life expectancy of equipment, furniture, and fixtures. (Not applicable to inventory items.)
D	Percent good factors based upon the effective age and observed condition of equipment, furniture, and fixtures. (Not applicable to inventory items.)

10. The district will consider the income approach to value on commercial properties.

Typical income and operating expense data will be collected by the district in order to perform an income approach to value on properties where ownership of the property itself is for the production of income to its owner, i.e. apartments, hotels/motels, self-storage units, and RV parks. The approach may be considered also in the development of market values on other properties where the income stream is guaranteed to the property owner for an extended period of time through long term leases.

The following basic formula will be utilized in the development of values by the income approach:

$$\text{Market Value} = (G - E) / R$$

Where:

G	Gross income for the total property
E	Allowable operating expenses that are associated with the property, not the owner.
R	Capitalization rate including factors for return on and to investments along with risk and ad valorem taxes.

11. *The district will make application forms for exemptions and special valuations available to property owners.*

Forms will be made available at the district's office and on its website. When requested, forms will be delivered to property owners via the U. S. Postal Service, fax, or e-mail. Taxpayers will have the capability of retrieving and printing forms via the district's website or the Comptroller's website. Original forms will be received by mail or in person. Faxed copies of forms will be accepted in place of the original for the purpose of meeting filing deadlines under the provision that the original is received by the district within one week of the filing deadline. The staff will promptly and courteously provide general information and assistance regarding the information required on the forms and the filing deadlines for those applications.

12. *Property owners will be informed by letter when their applications are incomplete, require additional information or denied.*

When exemptions and special valuations are removed, property owners will also receive notification by mail in accordance with the provisions of the Property Tax Code.

13. *The district will communicate with owners of business personal property regarding the filing of required rendition statements.*

The district will provide business personal property owners with inventory detail listings from the district's CAMA system each year prior to January 1. Property owners will be informed of penalties for failing to file a valid rendition or for filing a fraudulent rendition. The district's personal property appraiser will make a physical field inspection of each business personal property parcel in the district annually.

14. *The district will attach digital copies of documents to parcels in the CAMA system.*

The district will attach digital copies of documents according to its adopted record retention plan. The most common documents include:

- Exemption and special valuation applications,
- Written communication between the district and property owners regarding exemption applications,
- Protest documents,
- Sales confirmation letters and forms,
- Property renditions,
- Appointment of Agent forms,
- Land, Improvement, and BPP inspection worksheets,
- Photographs of property, and
- Any other documents deemed necessary of preservation with a parcel record.

15. *The district will communicate with neighboring appraisal districts regarding parcels that are bisected by the county line.*

The district will communicate with neighboring appraisal districts where parcels are bisected by the county line in order to determine the market value of the parcel as a whole.

16. *The district will maintain current ownership information on its appraisal records.*

The district will maintain the "most apparent ownership" on all of its appraisal records according to publicly recorded documents. Documents filed in the Freestone County Clerk's Office will be reviewed monthly and appraisal records updated accordingly when documents of conveyance are filed for record. Additionally, ownership of mobile homes will be determined according to the last recorded owner listed on manufactured home titles issued by the Texas Department of Housing or from records filed in the Freestone County Clerk's Office (i.e. when mobile homes have been converted to real property). Commercial vehicles will be listed on the appraisal rolls according to the January 1 owners reflected by the records of the Texas Department of Transportation.

17. *The district will maintain and enhance its digital mapping system.*

The district will maintain its digital GIS mapping database of all real properties in an effort to accurately depict the property boundaries and location of all real parcels.

The district will perform audits of parcels in the CAMA system to validate the inclusion of all parcels in the district's GIS data.

Information layers from various sources including the Heart of Texas Council of Governments (HOTCOG), the United States Department of Agriculture (USDA), Natural Resource Conservation Service (NRCS), and Texas Railroad Commission (TRC) will be added to assist staff appraisers in the identification and analysis of property characteristics.

When necessary, the district will perform limited research to maintain its maps and ownership information as stated in Requirement 13 of this plan.

18. *The district will deliver notices of appraised notices as provided in the Property Tax Code.*

The district will prepare and deliver by U. S. Postal Service all notices of appraised value as required by Section 25.19 of the Property Tax Code. The district's target date for delivery of notices is April 15 or as soon thereafter as practicable for real estate and personal property parcels. Because industrial personal property owners often receive extensions in filing renditions until May 15, notices of appraised value on business personal property as well as on all oil, gas, mineral, industrial, pipeline, and utility parcels will be prepared and mailed on May 25 or as soon thereafter as practicable.

19. *The district will defend its values.*

The district will meet informally with taxpayers in an effort to explain and defend the district's value. When individuals file formal protests with the Freestone Appraisal Review Board, the district will defend its value in the board's hearing on the case. The district will prepare evidence

to support its position regarding market valuation, denial or modification of exemption or special valuation applications, and other matters protested by the taxpayer in which the district has decision making authority. The district statutorily has the Burden of Proof in protest cases regarding market value and equity.

20. *The district will certify values to taxing authorities.*

The district will prepare appraisal rolls for each taxing entity participating in the district each year by July 25 or as soon thereafter as practical. The district's chief appraiser will certify the values on those rolls to each taxing authority when the appraisal rolls are delivered.

21. *The district will issue a Summary Appraisal Report.*

The district will issue a Summary Appraisal Report, prepared to the specifications of the Uniform Standards of Professional Appraisal Practices each year in July at the end of the valuation process.

22. *The district will maintain and enhance its Policies & Procedures.*

The district will strive to record all policies and procedures regarding district operations in a manner that meets the standards of the International Association of Assessing Officers and the State of Texas. These policies and procedures will be published on a local intranet for use by CAD personnel and will be made available for public inspection on public access computer stations in the district's public area.

23. *The district will perform all requirements of this reappraisal plan and the reappraisal cycle in a timely manner.*

A Schedule of Appraisal Activities is attached as *Addendum 5* that serves as a reference for CAD staff for the establishment of target dates for start-up and completion of tasks associated with the reappraisal cycle.

24. *The district will perform routine audits of its systems to ensure that they are performing as expected.*

Periodic and random review of district records stored electronically will be performed to be sure that all documents are correctly created and electronically filed to meet the records retention requirements adopted by the district's board of directors and the Texas Library and Archives Commission.

Additionally, quarterly on-site inspections will be made by a licensed appraiser to validate that staff appraisers are properly applying the district's appraisal model to each property appraised.

Personnel Assignments

Don Awalt, RPA/CTA, is the district's chief appraiser. Mr. Awalt is certified by the Texas Department of Licensing and Regulations (TDLR) as a Registered Professional Appraiser. Additionally, he is designated as a Certified Tax Administrator by the Instituted of Certified Tax Administrators, an entity of the Texas Association of Assessing Officers. Mr. Awalt employs and directs the district's staff, oversees all aspects of the appraisal district's operations, and performs either directly or through the district's staff a variety of operations.

The Chief Appraiser's statutory responsibilities include:

- discovering, listing and appraising;
- determining exemption and special use requests;
- organizing periodic reappraisals; and,
- notifying taxpayers, taxing units and the public about matters that affect property values.

As chief administrator of the district, Mr. Awalt will supervise all of the district's activities including the supervision of all personnel and their activities.

FCAD staff appraisers are responsible for the valuation of all real and personal property accounts. The property types appraised include commercial, residential, agricultural, and business personal property. The district has contracted the services of Pritchard & Abbott for the appraisal of mineral, industrial, and utility accounts. All appraisers, including those whose services are contracted to the district, are required to be designated (or working toward designation) as Registered Professional Appraisers with the Texas Department of Licensing (TDLR).

Jason Moore, RPA, in his capacity of deputy chief appraiser, will be responsible for assisting the Chief Appraiser in the daily operations of the district.

Mr. Moore will assist the Chief Appraiser in conducting statistical analysis of sales and appraisal information in the district's possession to validate the district's appraisal models and assist with the calibration of the CAMA system.

Along with other staff appraisers, he will defend the district's values informally with taxpayers and present defense testimony for the district before the Appraisal Review Board.

In the absence of the chief appraiser, he will be responsible for district's operations and personnel.

Carol Clark is the Chief Appraiser's administrative assistant. She will assist the chief appraiser in the daily operations of the district.

Ms. Clark will serve as the district's bookkeeper. She will review and receive all bills for the district. She will also receive all money collected by the district and make deposits to the district's depository.

She will also serve as the clerk to the Appraisal Review Board (ARB). Her duties to the ARB include scheduling taxpayer protest hearings, and record keeping duties associated with these hearings.

Ms. Clark will also be responsible for the preparation and posting of all meetings of the Board of Directors, The Appraisal Review Board, and the Ag Advisory Board.

Ms. Clark will also assist with data entry from property inspections as needed.

Jason Moore, RPA, Debbie Bowden, Class III appraiser, and **Coltin Bottoms**, Class II appraiser, will conduct on-site property inspections of improved real properties as scheduled or requested (by property owners).

They will collect data necessary to correctly classify land and structures according to the district's appraisal model.

Additionally, they will defend the district's values informally with taxpayers and present defense testimony for the district before the Appraisal Review Board. They will perform other appraisal tasks as assigned by the chief appraiser and his deputy.

They will be assisted in the performance of their duties by **Joe Barrow, Lettie Hightower, and Trent Neely**.

Jason Moore, RPA, will be responsible for the review of all land parcels through examination of:

- aerial photography,
- topographical maps,
- soil classification maps for pasture, crops, and timberlands, and
- on-site inspections.

Mr. Moore will serve as the review appraiser for all property upon which an application for open space land valuation has been requested. He will be responsible for communicating with property owners regarding any actions regarding the special valuation in accordance with state law and the policies of the district.

Mr. Moore will be assisted by **Gala Pickett** and **Lettie Hightower, and Trent Neely** in the performance of these duties.

Tina Gilley-Lee, Class II appraiser, serves as the district's personal property appraiser and will be responsible for appraising business personal property.

She will receive and review all rendition statements from business owners. She will perform field inspections on personal property parcels in order to validate the rendition statements.

She will be responsible for defending the district's values informally with taxpayers and formally by presenting defense testimony before the ARB. She will perform other appraisal tasks as assigned by the chief appraiser and his deputy.

Ms. Gilley-Lee will be assisted by **Joe Barrow**.

Melissa Marberry serves as the district's mapper. She is responsible for the maintenance of the district's maps as well as ownership changes to the appraisal roll. She also performs research regarding ownership issues. Ms. Marberry works under the direct supervision of Chief Appraiser **Don Awalt** who also serves as the GIS Data Manager.

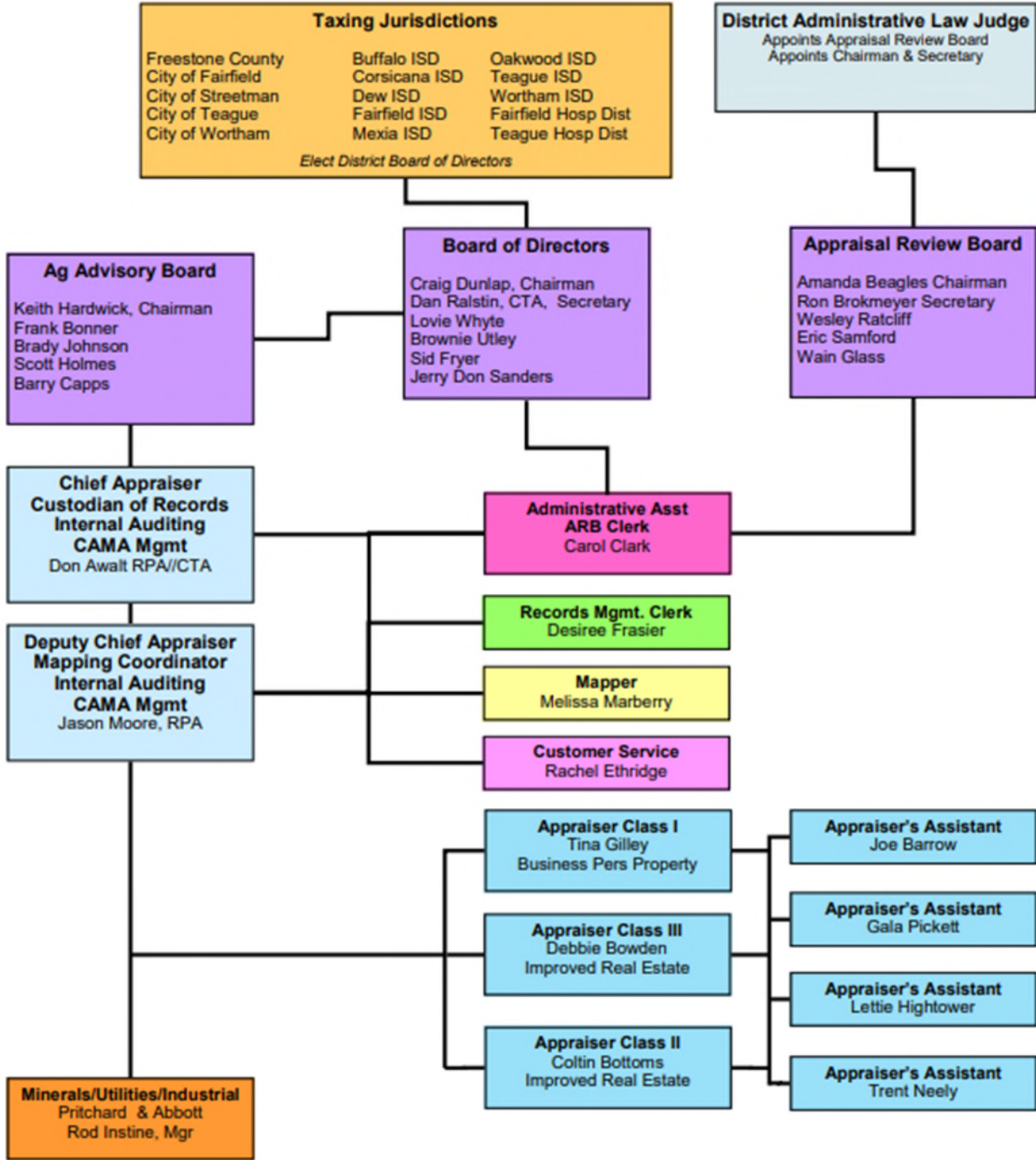
Desiree' Frasier will serve as the district's records management coordinator, under the direct supervision of the Chief Appraiser and the Deputy Chief Appraiser. In this capacity, Ms. Frasier will be responsible for the digital recording of all appraisal records, according to the district's record retention schedules. Ms. Frasier will be responsible for fulfilling any public information requests for data or reports not easily produced from the CAMA system.

Additionally, she will serve as an assistant clerk to Ms. Clark for the Appraisal Review Board.

Rachel Ethridge will serve as the district's taxpayer service clerk. She will be responsible for the operations of the public area of the office. She will primarily assist the public with access to district records and maps, and will provide general information regarding exemptions, open space land appraisals, and other general information as requested by the public.

Ms. Ethridge will be responsible for the review of exemption applications received by the district. She will also prepare correspondence as necessary regarding those applications and complete other projects as assigned by the Chief Appraiser or the Deputy Chief Appraiser.

Freestone CAD
Organizational Chart
As of January 1, 2022



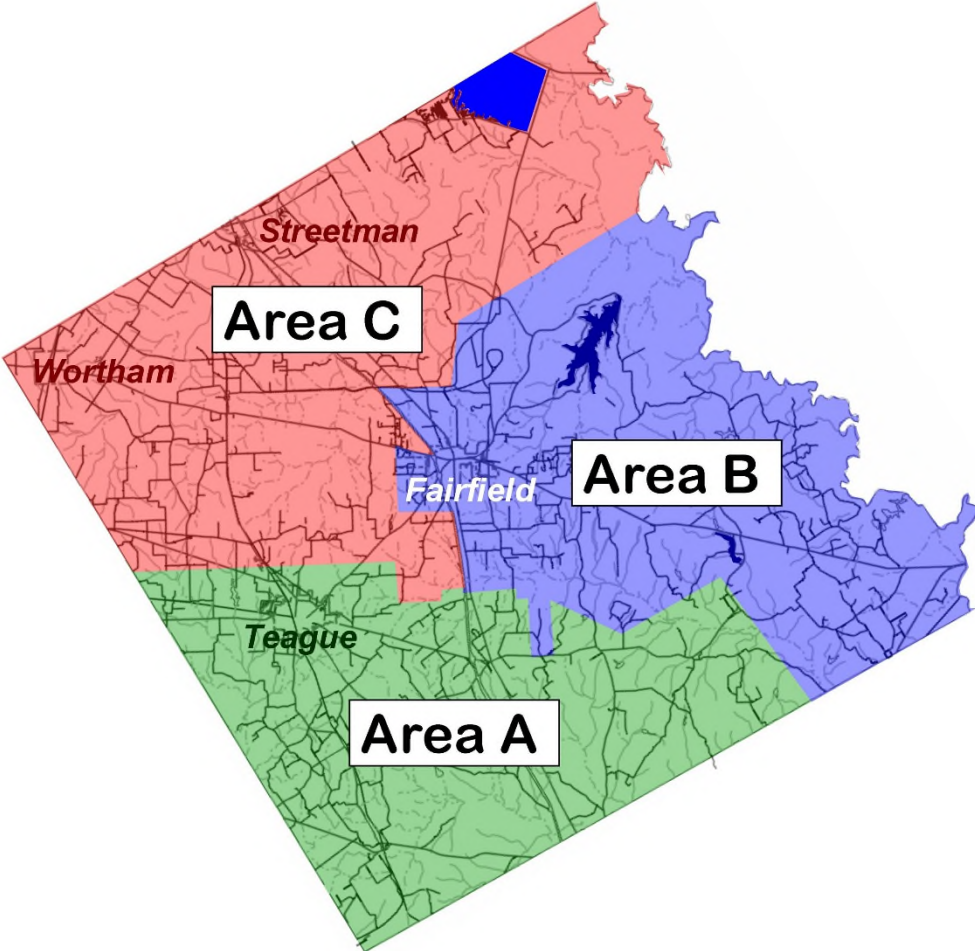
Addendum 2

Reappraisal Inspection Schedule

This district has been divided into three sections that allows approximately one-third of the district’s total improved and unimproved real estate parcels to be reviewed annually. While the parcel count (for improved parcels) in each section is relatively equal, the acreage included in each section varies.

Generally, appraisers are scheduled to review property characteristics and perform on-site inspections according to the following schedule and as illustrated below:

- 2023 – Area A (Green)
- 2024 – Area B (Blue)
- 2025 – Area C (Red)



Charts that include inspection route schedules for improvements, land, and business personal property parcels are on the pages that follow.

2023 Routes	Target Completion Date
A3D05	9/1/2022
ATG11	9/9/2022
A3C03	9/16/2022
A4F09	9/16/2022
ATG16	9/16/2022
A3C02	9/23/2022
A4F10	9/23/2022
ATG19	9/23/2022
A3C01	9/23/2022
A3A07	9/30/2022
A4F13	9/30/2022
A4G01	9/30/2022
ATG20	9/30/2022
A3C05	10/7/2022
A4F12	10/7/2022
A4F08	10/7/2022
ATG21	10/7/2022
A4F07	10/14/2022
ATG22	10/14/2022
A3B02	10/21/2022
A4F05	10/21/2022
ATG23	10/21/2022
A4F04	10/28/2022
ATG24	10/28/2022
ATG25	10/28/2022
A3C04	11/4/2022
A3B06	11/4/2022
A3B03	11/10/2022
A4F06	11/10/2022
ATG26	11/10/2022
A4C03	11/18/2022
A4E04	11/18/2022
A3B04	11/22/2022
A4E07	11/22/2022
ATG27	11/22/2022
A3B05	12/2/2022
A4D02	12/2/2022
A4F01	12/2/2022
ATHFC	12/2/2022
A4D01	12/9/2022
A4F02	12/9/2022
A4F03	12/16/2022
ATG07	12/22/2022
PF0T1	12/22/2022
PF833	12/22/2022
PF0T1	12/22/2022
PF0T2	12/22/2022

2023 Routes	Target Completion Date
PFOT3	12/22/2022
PFOT4	12/22/2022
PFOT5	12/22/2022
PFOT6	12/22/2022
PFOT7	12/22/2022
PFOT8	12/22/2022
PFSD1	12/22/2022
PFSD2	12/22/2022
PFSD3	12/22/2022
PFSD4	12/22/2022
PFSD5	12/22/2022
PFSD6	12/22/2022
PFSD7	12/22/2022
PFSDI	12/22/2022
PFTO1	12/22/2022
PFTO6	12/22/2022
A4D03	1/6/2023
ATG08	1/6/2023
A4E02	1/13/2023
ATG09	1/13/2023
ATG17	1/13/2023
A4E03	1/20/2023
ATG10	1/20/2023
ATG03	1/20/2023
A4E01	1/27/2023
ATG04	1/27/2023
ATG01	1/27/2023
A4E05	1/27/2023
A4A02	2/3/2023
A4F11	2/3/2023
A4C04	2/3/2023
ALAND	2/3/2023

2024 Routes	Target Completion Date
B2G03	9/8/2023
B2E04	9/8/2023
B2E05	9/8/2023
B3B01	9/15/2023
B3B08	9/15/2023
B3C06	9/15/2023
B2H01	9/15/2023
B2E06	9/22/2023
B2H02	9/22/2023
B3C07	9/29/2023
B2E07	9/29/2023
B2E08	9/29/2023
B2E10	9/29/2023
B2H03	9/29/2023
B3C08	10/6/2023
B2F02	10/6/2023
B2F05	10/6/2023
B2H04	10/6/2023
B3C09	10/13/2023
BF488	10/13/2023
B2H05	10/13/2023
B2H07	10/13/2023
BBURL	10/13/2023
BF75N	10/20/2023
BELLC	10/20/2023
BFAPK	10/27/2023
BFEV	10/27/2023
B3A01	10/27/2023
B3A02	10/27/2023
BF84W	10/27/2023
BFI45	11/3/2023
B3A03	11/3/2023
BRDLK	11/9/2023
BFOTS	11/17/2023
B3A04	11/17/2023
BWLD1	11/22/2023
B3A05	12/1/2023
BWLD2	12/8/2023
B3A06	12/15/2023
P416	12/21/2023
PBPP	12/21/2023
PBUFF	12/21/2023
PDEW1	12/21/2023

2024 Routes	Target Completion Date
PDON1	12/21/2023
PDONI	12/21/2023
PF488	12/21/2023
POISD	12/21/2023
PST01	12/21/2023
PT0T5	12/21/2023
PTG84	12/21/2023
PTOT1	12/21/2023
PTOT2	12/21/2023
PTOT3	12/21/2023
PTOT4	12/21/2023
PTOT5	12/21/2023
PTOT7	12/21/2023
PTS01	12/21/2023
PTSD1	12/21/2023
PTSD4	12/21/2023
PWISD	12/21/2023
PWORT	12/21/2023
BF27W	1/5/2024
BFREU	1/12/2024
BF75S	1/12/2024
BFTOA	1/26/2024
BF84E	1/26/2024
BFBRs	2/2/2024
BFWMN	2/9/2024
BFLOT	2/16/2024
BLWOD	2/23/2024
BFMB	2/23/2024
BMLPO	2/29/2024
BFOPR	2/29/2024
BLAND	2/29/2024

S.B. 1652* BIENNIAL REAPPRAISAL PLAN

**FOR THE ANNUAL APPRAISAL FOR
AD VALOREM TAX PURPOSES OF
MINERAL, INDUSTRIAL, UTILITY AND**

For Tax Years:

2023 and 2024**

RELATED PERSONAL PROPERTY

Originally Printed: July 21, 2022

***This biennial reappraisal plan is largely predicated on the Scope of Work Rule in the most recent version of Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by The Appraisal Foundation's Appraisal Standards Board (ASB). On February 19, 2021, the ASB announced that the 2020-2021 edition of USPAP would be extended for use into 2022. Subsequently, this plan does not have a newer edition of USPAP to draw upon and therefore is substantially similar to the 2021-2022 biennial reappraisal plan.*

*Senate Bill 1652 passed by the Texas Legislature, 79th Regular Session in 2005, amending Section 6.05 of the Texas Property Tax Code, adding Subsection (i) 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 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place for 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."



Table of Contents

<u>Item</u>	<u>Page</u>
P&A POLICY STATEMENT	2
PREAMBLE	5
ETHICS RULE	7
RECORD KEEPING RULE	10
SCOPE OF WORK RULE.....	11
JURISDICTIONAL EXCEPTION RULE.....	13
STANDARDS 5 & 6: MASS APPRAISAL, DEVELOPMENT AND REPORTING (General)	14
STANDARDS 5, 6-1, 6-2: MINERAL INTERESTS.....	17
STANDARDS 5, 6-1, 6-2: INDUSTRIAL, UTILITY, AND RELATED PERSONAL PROPERTY. . .	23

POLICY STATEMENT OF PRITCHARD & ABBOTT, INC., ON THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE

Pritchard & Abbott, Inc., (P&A), a privately held company engaged primarily, but not wholly, in the ad valorem tax valuation industry endorses Uniform Standards of Professional Appraisal Practice (USPAP) as the basis for the production of sound appraisals. Insofar as the statutory requirement to appraise groups (or a “universe”) of real and personal property within an established period of time using standardized procedures—and subjecting the resulting appraisals to statistical measures—is the definition of mass appraisal, P&A subscribes to USPAP Standards 5 and 6 (Mass Appraisal, Development and Reporting) whenever applicable in the development and defense of values. When circumstances clearly dictate the use of single property appraisal procedures, P&A adheres to the spirit and intent of the remaining USPAP Standards within all appropriate, practical, and/or contractual limitations or specifications.

A biennial reappraisal plan is, at its core, a discussion of the CAD’s intended implementation of the Scope of Work Rule in USPAP. This plan provides general information about this rather comprehensive USPAP rule, as well as the specific steps P&A takes in the actual appraisal of various property types per our contractual obligations. This Biennial Reappraisal Plan should not be confused or conflated with an “appraisal manual” or other “how-to” guide which may or may not exist within P&A for any particular property type we appraise.

This reappraisal plan discusses a few other USPAP rules that interact with the Scope of Work Rule, such as the Ethics Rule, the Record Keeping Rule, and Jurisdictional Exception Rule. For further information regarding other sections of USPAP, including the Competency Rule, definitions, and appraisal reports, please reference P&A’s “USPAP report” which accompanies our appraisals and supporting documentation provided to clients per Property Tax Code, Sec. 25.01(c) at the completion of each tax year. ***An appraisal season thus begins with an appraisal plan (approved by the CAD’s Board of Directors) and ends with appraisal reports.*** Providing these reports is definitely part of the plan. Likewise, much of the verbiage in the “USPAP report” is a reiteration of the Biennial Reappraisal Plan.

USPAP defines “appraisal” as the act or process of developing an opinion of value or pertaining to appraising and related functions such as appraisal practice or appraisal services. Valuation services is defined as services pertaining to an aspect of property value, regardless of the type of service and whether it is performed by appraisers or by others. The USPAP definition of “appraiser” is one who is expected to perform valuation services competently and in a manner that is ***independent, impartial, and objective***. USPAP Advisory Opinion 21: *USPAP Compliance* states that this expectation (by clients and intended users of appraisal reports) is the basis that creates an ethical obligation to comply with USPAP, even if not legally required. Advisory opinions do not establish new standards or interpret existing standards, but instead are issued to illustrate the applicability of appraisal standards in specific situations.

The majority of property types that P&A typically appraises for ad valorem tax purposes are categorized as unique, complex, and/or “special purpose” properties (mineral interests, industrial, utility, and related personal property). These categories of properties do not normally provide sufficient market data of reliable quality and/or quantity to support the rigorous use of all USPAP-prescribed mass appraisal development mandates (Standard 5: Mass Appraisal, Development), particularly with regards to some, but not all, of the *model calibration* and *statistical performance testing* confines. However, P&A does strive to employ all or most elements of mass appraisal techniques with regards to the *definition* and *identification of property characteristics* and *model specification* and application.

Per USPAP Advisory Opinion 32: *Ad Valorem Property Tax Appraisal and Mass Appraisal Assignments*, in the

interests of equity, the scope of work in mass appraisal assignments for ad valorem taxation can include consideration of appraisal level (the overall proximity between appraised values and actual prices) and the uniformity of property values (equity within groups of like properties). The appraiser is responsible for recognizing when the concepts of appraisal level and appraisal uniformity are necessary for credible assignment results in a mass appraisal assignment for ad valorem taxation.

Residential real estate property appraisers most frequently apply mass appraisal methods within the sales comparison (market) approach to value. Through the use of standardized data collection (i.e., actual market sales), specification and calibration of mass appraisal models, tables, and schedules are possible. Through ratio study analysis and other performance measures, a cumulative summary of valuation accuracy can thus be produced in order to calibrate the appraisal model(s). Where sufficient data of reliable quality exists, mass appraisal is also used for other types of real estate property such as farms, vacant lots, and some commercial uses (e.g., apartments, offices, and small retail).

Regarding mass appraisal reports due the client and other intended users per USPAP (Standard 6 (Mass Appraisal, Reporting)), a written report of the mass appraisal as described in Standards 6-2 is not provided for each individual property. An individual property record or worksheet may describe the valuation of the specific property after the application of the mass appraisal model. To understand the individual property result developed in a mass appraisal requires the examination of all the information and analysis required by Standards 6-2.

P&A will clearly state or otherwise make known all extraordinary assumptions, hypothetical conditions, limitations imposed by assignment conditions, and/or jurisdictional exceptions in its appraisal reports as they are conveyed to our clients. ***Intended users of our reports are typically the client(s) for which we are under direct contract.*** Although taxpayers or their agents who own and/or represent the subject property being appraised often receive these reports either by law or as a courtesy of the client or P&A, this receipt does not mean these parties automatically become Intended Users as defined by USPAP. ***A party receiving a copy of a report in order to satisfy disclosure requirements does not become an intended user of the appraisal or mass appraisal unless the appraiser specifically identifies such party as an intended user.*** Potential other users include parties involved in adjudication of valuation disputes (review board members, lawyers, judges, etc.), governmental agencies which periodically review our appraisals for various statutory purposes (such as the Texas Comptroller's Office) and private parties who may obtain copies of our appraisals through Open Records Requests made to governmental agencies.

USPAP does not currently address communications of assignment results prior to completion of the assignment, thus such communications have no requirements other than to comply with the general requirements in the Ethics Rule, the Competency Rule, and the Jurisdictional Exception Rule. The client and all intended users should be aware that mass appraisals, as opposed to most "fee" appraisals, are somewhat inherently "limited" versus "complete" and that appraisal reports, unless otherwise contracted for by the client, will most often be of a "restricted" nature whereas explanations of appraisal methods and results are more concise versus lengthy in order to promote brevity, clarity, and transparency to the intended user(s).

Per USPAP, the appropriate reporting option and level of information in a report are dependant on the intended use and the intended users. Although the reporting verbiage in USPAP Standard 6 does not specifically offer or promulgate a "Restricted Appraisal Report" such as in Standard 2 (Real Property Appraisal, Reporting) and Standard 8 (Personal Property Appraisal, Reporting), it should be noted that: a) all mass appraisals and mass appraisal reports deal with real and personal property in some form or fashion; and b) P&A is a private consulting firm, a fact which may necessitate the withholding of certain data and/or appraisal models/techniques which are deemed confidential, privileged and/or proprietary in nature. The use of "limited" appraisals in conjunction with "restricted" reports in no way implies non-compliance with USPAP. ***The substantive content of a report***

determines its compliance.

P&A believes that, with its vast experience and expertise in these areas of appraisal, all concluded values and reports thereof are credible, competent, understandable, uniform and consistent; and most importantly for ad valorem tax purposes, accomplished in a cost-efficient and timely manner.

Per previous ASB comments under Standard 6-2(b) [*scope of work... special limiting conditions*]:

“Although appraisers in ad valorem taxation should not be held accountable for limitations beyond their control, they are required by this specific requirement to identify cost constraints and to take appropriate steps to secure sufficient funding to produce appraisals that comply with these standards. 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. Although 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.”

In any event, however, it is not P&A’s intent to allow constraints, fiscal or otherwise, to limit the scope of work to such a degree that the mass appraisal results provided to our clients are not credible within the context of the intended use(s) of the appraisal.

PREAMBLE

The purpose of USPAP is to establish requirements and conditions for ethical, thorough, and transparent property valuation services. Valuation services pertain to all aspects of property value and include services performed by appraisers and other professionals including attorneys, accountants, insurance estimators, auctioneers, or brokers. Valuation services include appraisal, appraisal review, and appraisal consulting. The primary intent of these Standards is to promote and maintain a high level of public trust in professional appraisal practice.

It is essential that professional appraisers develop and communicate their analyses, opinions, and conclusions to intended users of their services in a manner that is meaningful and not misleading. The importance of the role of the appraiser places ethical obligations upon those who serve in this capacity. These USPAP Standards reflect the current standards of the appraisal profession.

These Standards are for both appraisers and users of appraisal services. To maintain a high level of professional practice, appraisers observe these Standards. However, these Standards do not in themselves establish which individuals or assignments must comply. The Appraisal Foundation nor its Appraisal Standards Board is not a government entity with the power to make, judge, or enforce law. Compliance with USPAP is only required when either the service or the appraiser is obligated to comply by law or regulation, or by agreement with the client or intended users. When not obligated, individuals may still choose to comply.

USPAP addresses the ethical and performance obligations of appraisers through Definitions, Rules, Standards, Statements (if any), and Advisory Opinions. USPAP Standards deal with the procedures to be followed in performing an appraisal or appraisal review and the manner in which each is communicated. A brief description of the USPAP Standards are as follows:

- **Standards 1 and 2:** establish requirements for the development and communication of a real property appraisal.
- **Standards 3 and 4:** establishes requirements for the development and communication of an appraisal review.
- **Standards 5 and 6:** establishes requirements for the development and communication of a mass appraisal.
- **Standards 7 and 8:** establish requirements for the development and communication of a personal property appraisal.
- **Standards 9 and 10:** establish requirements for the development and communication of a business or intangible asset appraisal.

Section 23.01(b) [*Appraisals Generally*] of the Texas Property Tax Code states:

“The market value of property shall be determined by the application of generally accepted appraisal methods and techniques. If the Appraisal District determines the appraised value of a property using mass appraisal standards, the mass appraisal standards must comply with the Uniform Standards of Professional Appraisal Practice...” (underline added for emphasis)

Consequently, USPAP Standards 5 and 6 are assumed to be the applicable standard for ad valorem tax purposes in Texas, if mass appraisal practices are in fact being used to appraise the subject property. USPAP Advisory Opinion 32 suggests several USPAP standards other than Standards 5 or 6 can apply in ad valorem tax work. It appears that an appraiser engaged in ad valorem tax work in Texas is not specifically required by law to follow these USPAP standards if in fact mass appraisal practices have not been used to appraise the subject property. In this case it could be deemed appropriate to invoke the Jurisdictional Exception Rule which is applicable when

there is a contradiction between the requirements of USPAP and the law or regulation of a jurisdiction. Please see the P&A Policy Statement on USPAP as provided elsewhere in this report for a more detailed discussion regarding this matter.

ETHICS RULE

Because of the fiduciary responsibilities inherent in professional appraisal practice, the appraiser must observe the highest standards of professional ethics. This Ethics Rule is divided into three sections:

- Conduct;
- Management;
- Confidentiality.

This Rule emphasizes the personal obligations and responsibilities of the individual appraiser. However, it should be noted that groups and organizations *which are comprised of individual appraisers engaged in appraisal practice* effectively share the same ethical obligations. To the extent the group or organization does not follow USPAP Standards when legally required, individual appraisers should take steps that are appropriate under the circumstances to ensure compliance with USPAP.

Compliance with these Standards is required when either the service or the appraiser is obligated by law or regulation, or by agreement with the client or intended users, to comply. *Compliance is also required when an individual, by choice, represents that he or she is performing the service as an appraiser.*

An appraiser must not misrepresent his or her role when providing valuation services that are outside of appraisal practice.

Honesty, impartiality, and professional competency are required of all appraisers under USPAP Standards. To document recognition and acceptance of his or her USPAP-related responsibilities in communicating an appraisal or appraisal review completed under USPAP, an appraiser is required to certify compliance with these Standards.

CONDUCT

An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests.

An appraiser:

- must not perform an assignment with bias;
- must not advocate the cause or interest of any party or issue;
- *must not accept an assignment that includes the reporting of predetermined opinions and conclusions;*
- must not misrepresent his or her role when providing valuation services that are outside of appraisal practice;
- must not communicate assignment results with the intent to mislead or to defraud;
- must not use or communicate a report or assignment results known by the appraiser to be misleading or fraudulent;
- must not knowingly permit an employee or other person to communicate a report or assignment results that are misleading or fraudulent report;
- must not use or rely on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value;
- must not engage in criminal conduct;

- must not willfully or knowingly violate the requirements of the RECORD KEEPING RULE; and must not perform an assignment in a grossly negligent manner.

If known prior to accepting an assignment, and/or if discovered at any time during the assignment, an appraiser must disclose to the client, and in each subsequent report certification:

- any current or prospective interest in the subject property or parties involved; and
- any services regarding the subject property performed by the appraiser within the three year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity.

The appraiser can agree with the client to keep the mere occurrence of a prior appraisal assignment confidential. If an appraiser has agreed with the client not to disclose that he or she has appraised a property, the appraiser must decline all subsequent assignment that fall with the three year period. In assignments in which there is no report, only the initial disclosure to the client is required.

Presumably all parties in ad valorem tax appraisal will be aware of the ongoing yearly nature of the appraisal assignments performed by valuation consulting firms like Pritchard & Abbott, Inc.—i.e., it will not be confidential—so that this particular conduct instruction is more or less a moot point (regarding the three year period discussed) if the prior service is in fact the ad valorem tax appraisals performed in previous tax years.

MANAGEMENT

The payment of a fee, commission, or a thing of value by the appraiser in connection with the procurement of an assignment must be disclosed. This disclosure must appear in the certification and in any transmittal letter in which conclusions of value are stated; however, the disclosure of the amount paid is not required. Intra-company payments to employees of groups or organizations involved in appraisal practice for business development do not require disclosure.

It is unethical for an appraiser to accept compensation for performing an assignment when it is contingent upon the reporting of a ***predetermined result, a direction in assignment results that favors the cause of the client, the amount of a value opinion, the attainment of a stipulated result,*** or the occurrence of a subsequent event directly related to the appraiser's opinions and specific to the assignment's purpose.

Advertising for or ***soliciting assignments in a manner that is false, misleading, or exaggerated*** is unethical. Decisions regarding finder or referral fees, contingent compensation, and advertising may not be the responsibility of an individual appraiser, but for a particular assignment it is the responsibility of the individual appraiser to ascertain that there has been no breach of ethics, that the assignment consulting assignment has been prepared in accordance with USPAP Standards, and that the report can be properly certified when required by USPAP Standards 2-3, 4-3, 6-3, 8-3, or 10-3.

An appraiser must affix, or authorize the use of, his or her signature to certify recognition and acceptance of his or her USPAP responsibilities in an appraisal or appraisal review assignment. An appraiser may authorize the use of his or her signature only on an assignment-by-assignment basis.

In addition, an appraiser must not affix the signature of another appraiser without his or her consent. An appraiser must exercise due care to prevent unauthorized use of his or her signature. However, an appraiser exercising such care is not responsible for unauthorized use of his or her signature.

CONFIDENTIALITY

An appraiser must protect the confidential nature of the appraiser-property owner relationship.

An appraiser must act in good faith with regard to the legitimate interests of the client in the use of confidential information and in the communication of assignment results.

An appraiser must be aware of, and comply with, all confidentiality and privacy laws and regulations applicable in an assignment.

An appraiser must not disclose confidential factual data obtained from a property owner to anyone other than:

1. The client;
2. Parties specifically authorized by the client;
3. State appraiser regulatory agencies;
4. Third parties as may be authorized by due process of law; or
5. A duly authorized professional peer review committee except when such disclosure to a committee would violate applicable law or regulation.

An appraiser must take reasonable steps to safeguard access to confidential information and assignment results by unauthorized individuals, whether such information or results are in physical or electronic form. In addition, an appraiser must ensure that employees, coworkers, subcontractors, or others who may have access to confidential information or assignments results, are aware of the prohibitions on disclosure of such information or results.

It is unethical for a member of a duly authorized professional peer review committee to disclose confidential information presented to the committee.

When all confidential elements of confidential information are removed through redaction or the process of aggregation, client authorization is not required for the disclosure of the remaining information, as modified.

RECORD KEEPING RULE

An appraiser must prepare a workfile for each appraisal or appraisal review assignment. A workfile must be in existence prior to the issuance of any report or other communication of assignment results. A written summary of an oral report must be added to the workfile within a reasonable time after the issuance of the oral report.

The workfile must include the name of the client and the identity, by name or type, of any other intended users, and true copies of all written reports, documented on any type of media. (A true copy is a replica of the report transmitted to the client. A photocopy or an electronic copy of the entire report transmitted to the client satisfies the requirement of a true copy.) A workfile must contain summaries of all oral reports or testimony, or a transcript of testimony, including the appraiser's signed and dated certification; and all other data, information, and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with USPAP, or references to the location(s) of such other data, information, and documentation.

A workfile in support of a Restricted Appraisal Report or an oral appraisal report must be sufficient for the appraiser to produce an Appraisal Report. A workfile in support of an oral appraisal review report must be sufficient for the appraiser to produce an Appraisal Review Report.

An appraiser must retain the workfile for a period of at least *five years after preparation* or at least two years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever period expires last.

An appraiser must have custody of the workfile, or make appropriate workfile retention, access, and retrieval arrangements with the party having custody of the workfile. This includes ensuring that a workfile is stored in a medium that is retrievable by the appraiser throughout the prescribed record retention period. An appraiser having custody of a workfile must allow other appraisers with workfile obligations related to an assignment appropriate access and retrieval for the purpose of:

- submission to state appraiser regulatory agencies;
- compliance with due process of law;
- submission to a duly authorized professional peer review committee; or
- compliance with retrieval arrangements.

A workfile must be made available by the appraiser when required by a state appraiser regulatory agency or due process of law.

An appraiser who willfully or knowingly fails to comply with the obligations of this Record Keeping Rule is in violation of the Ethics Rule.

SCOPE OF WORK RULE

For each appraisal or appraisal review assignment, an appraiser must:

1. Identify the problem to be solved;
2. Determine and perform the scope of work necessary to develop credible assignment results; and
3. Disclose the scope of work in the report.

An appraiser must properly identify the problem to be solved in order to determine the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results.

Scope of work includes, but is not limited to:

- the extent to which the property is identified;
- the extent to which tangible property is inspected;
- the type and extent of data researched; and
- the type and extent of analyses applied to arrive at opinions or conclusions.

Appraisers have broad flexibility and significant responsibility in determining the appropriate scope of work for an appraisal or appraisal review assignment. Credible assignment results require support by relevant evidence and logic. *The credibility of assignment results is always measured in the context of the intended use.*

PROBLEM IDENTIFICATION

An appraiser must gather and analyze information about those assignment elements that are necessary to properly identify the appraisal, appraisal review or appraisal consulting problem to be solved. The assignment elements necessary for problem identification are addressed in the Standard 6-2:

- client and any other intended users;
- intended use of the appraiser's opinions and conclusions;
- type and definition of value;
- effective date of the appraiser's opinions and conclusions;
- subject of the assignment and its relevant characteristics; and
- assignment conditions.

This information provides the appraiser with the basis for determining the type and extent of research and analyses to include in the development of an appraisal. Similar information is necessary for problem identification in appraisal review and appraisal consulting assignments. Assignment conditions include:

- assumptions;
- extraordinary assumptions;
- hypothetical conditions;
- laws and regulations;
- jurisdictional exceptions; and
- other conditions that affect the scope of work.

SCOPE OF WORK ACCEPTABILITY

The scope of work must include the research and analyses that are necessary to develop credible assignment results. The scope of work is acceptable when it meets or exceeds:

- the expectations of parties who are regularly intended users for similar assignments; and
- what an appraiser's peers' actions would be in performing the same or a similar assignment.

Determining the scope of work is an ongoing process in an assignment. Information or conditions discovered during the course of an assignment might cause the appraiser to reconsider the scope of work. An appraiser must be prepared to support the decision to exclude any investigation, information, method, or technique that would appear relevant to the client, another intended user, or the appraiser's peers.

An appraiser must not allow assignment conditions to limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use. In addition, the appraiser must not allow the intended use of an assignment or a client's objectives to cause the assignment results to be biased.

DISCLOSURE OBLIGATIONS

The report must contain sufficient information to allow intended the client and other intended users to understand the scope of work performed. Proper disclosure is required because clients and other intended users may rely on the assignment results. Sufficient information includes disclosure of research and analyses performed or not performed. ***The information disclosed must be appropriate for the intended use of the assignment results.***

Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed. ***The appraiser has broad flexibility and significant responsibility in the level of detail and manner of disclosing the scope of work in the appraisal report or appraisal review report.*** The appraiser may, but is not required to, consolidate the disclosure in a specific section or sections of the report, or use a particular label, heading or subheading. An appraiser may choose to disclose the scope of work as necessary throughout the report.

JURISDICTIONAL EXCEPTION RULE

If any applicable law or regulation precludes compliance with any part of USPAP, only that part of USPAP becomes void for that assignment. When compliance with USPAP is required by federal law or regulation, no part of USPAP can be voided by a law or regulation of a state or local jurisdiction. ***When an appraiser properly follows this Rule in disregarding a part of USPAP, there is no violation of USPAP.***

In an assignment involving a jurisdictional exception, an appraiser must:

- identify the law or regulation that precludes compliance with USPAP;
- comply with that law or regulation;
- clearly and conspicuously disclose in the report the part of USPAP that is voided by that law or regulation; and
- cite in the report the law or regulation requiring this exception to USPAP compliance.

The purpose of the Jurisdictional Exception Rule is strictly limited to providing a saving or severability clause intended to preserve the balance of USPAP if one or more of its parts are determined as contrary to law or public policy of a jurisdiction. By logical extension, there can be no violation of USPAP by an appraiser who disregards, with proper disclosure, only the part or parts of USPAP that are void and of no force and effect in a particular assignment by operation of legal authority.

It is misleading for an appraiser to disregard a part or parts of USPAP as void and of no force and effect in a particular assignment without identifying the part or parts disregarded and the legal authority justifying this action in the appraiser's report.

“Law” includes constitutions, legislative and court-made law, and administrative rules (such as from the Office of the Texas Comptroller of Public Accounts) and ordinances. “Regulations” include rules or orders having legal force, issued by an administrative agency. ***Instructions from a client or attorney do not establish a jurisdictional exception.***

A jurisdictional exception prevalent in Texas is that appraisers are seeking to establish “fair market value” as defined by the Texas Property Tax Code instead of “market value” as found in the USPAP definitions section.

USPAP STANDARDS 5 AND 6: MASS APPRAISAL, DEVELOPMENT AND REPORTING (General Discussion)

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

Standards 5 and 6 apply to all mass appraisals of real and personal property regardless of the purpose or use of such appraisals. It is directed toward the substantive aspects of developing and communicating competent analyses, opinions, and conclusions in the mass appraisal of properties, whether real property or personal property. Standard 5 is directed toward the substantive aspects of developing credible analyses, opinions, and conclusions in the mass appraisal of properties, while Standard 6 addresses the content and level of information required in a report that communicates the results of a mass appraisal. 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.

A mass appraisal includes:

- identifying properties to be appraised;
- defining market areas of consistent behavior that applies to properties;
- identifying characteristics (supply and demand) that affect the creation of value in that market area;
- developing (specifying) a model structure that reflects the relationship among the characteristics affecting value in the market area;
- calibrating the model structure to determine the contribution of the individual characteristics affecting value;
- applying the conclusions reflected in the model to the characteristics of the properties being appraised; and
- reviewing the mass appraisal results.

The Jurisdictional Exception Rule may apply to several sections of Standards 5 and 6 because ad valorem tax administration is subject to various state, county, and municipal laws.

As previously stated in the P&A Policy Statement (page 2), it may not be possible or practicable for all the mass appraisal attributes listed above to be rigorously applied to the many types of complex and/or unique properties that P&A typically appraises. Often there are contractual limitations on the scope of work needed or required. More prevalently, these types of properties do not normally provide a reliable database of market transactions (or details of transactions) necessary for statistically supportable calibration of appraisal models and review of appraisal results. Generally these two functions are effectively accomplished through annual extended review meetings with taxpayers (and clients) who provide data, sometimes confidentially, that allows for appraisal models to be adjusted where necessary. Nevertheless, and notwithstanding whether P&A implicitly or explicitly employs or reports all attributes listed above, in all cases P&A at the minimum employs tenants of “generally accepted appraisal methods” which are the genesis of USPAP Standards.

Per USPAP guidelines, P&A will make known all departures and jurisdictional exceptions when invoked (if an appraisal method or specific requirement is applicable but not necessary to attain credible results in a particular assignment).

The various sections of Standard 5 (development of mass appraisal) and Standard 6 (communication of the mass appraisal results) are briefly summarized below:

- **Standard 5-1:** Establishes the appraiser’s technical and ethical framework. Specifically, appraisers must recognize and use established principles, methods and techniques of appraisal in a careful manner while not committing substantial errors of fact or negligence that would materially affect the appraisal results and not give a credible estimate of fair market value. To this end appraisers must continuously improve his or her skills to maintain proficiency and keep abreast of any new developments in the real and personal property appraisal profession. This Standards does not imply that competence requires perfection, as perfection is impossible to attain. Instead, it requires appraisers to employ every reasonable effort with regards to due diligence and due care.
- **Standard 5-2:** Defines the introductory framework requirements of developing a mass appraisal, focusing on the identification and/or definition of: client(s), intended users, effective date, appraisal perspective, scope of work, extraordinary assumptions, hypothetical conditions, the type and definition of value being developed (typically “fair market value” for ad valorem tax purposes), characteristics of the property being appraised in relation to the type and definition of value and intended use, the characteristics of the property’s market, the property’s real or personal attributes, fractional interest applicability, highest and best use analysis along with other land-related considerations, and any other economic considerations relevant to the property.
- **Standard 5-3:** Defines requirements for developing and specifying appropriate mass appraisal data and elements applicable for real and personal property. For real property, the data and elements include: existing land use regulations, reasonably probable modification of such regulations, economic supply and demand, the physical adaptability of the real estate, neighborhood trends, and highest and best use analysis. For personal property, the relevant data and elements include: identification of industry trends, trade level, highest and best use, and recognition of the appropriate market consistent with the type and definition of value.
- **Standard 5-4:** Further defines requirements for developing mass appraisal models, focusing on development of standardized data collection forms, procedures, and training materials that are used uniformly on the universe of properties under consideration. This rule specifies that appraisers employ recognized techniques for specifying and calibrating mass appraisal models. Model specification is the formal development of a model in a statement or mathematical equation, including all due considerations for physical, functional, and external market factors as they may affect the appraisal. These models must accurately represent the relationship between property value and supply and demand factors, as represented by quantitative and qualitative property characteristics. Models must be calibrated using recognized techniques, including, but not limited to, multiple linear regression, nonlinear regression, and adaptive estimation. Models may be specified incorporating the income, market, and/or cost approaches to value and may be tabular, mathematical, linear, nonlinear, or any other structure suitable for representing the observable property characteristics such as adaptive estimation. Model calibration refers to the process of analyzing sets of property and market data to determine the specific parameters of a model.
- **Standard 5-5:** Defines requirements for collection of sufficient factual data, in both qualitative and quantitative terms, necessary to produce credible appraisal results. The property characteristics collected must be contemporaneous with the effective date of the appraisal. The data collection program should incorporate a quality control procedure, including checks and audits of the data to ensure current and consistent records. This rule also calls for calls for an appraiser, in developing income and expense statements and cashflow 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. Terms and conditions of any leases should be analyzed, as well as the need for and extent of any physical inspection of the properties being appraised.

- **Standard 5-6:** Defines requirements for application of a calibrated model to the property being appraised. This rule calls for: the appraiser to recognize methods or techniques based on the cost, market, and income approaches for improved parcels; the appraiser to value sites by recognized methods or techniques such as allocation method, abstraction method, capitalization of ground rent, and land residual; the appraiser to develop value of leased fee or leasehold estates with consideration for terms and conditions of existing leases, and, when applicable by law, as if held in fee simple whereas market rents are substituted for actual contract rents; the appraiser to analyze the effect on value, if any, of the assemblage of the various parcels, divided interests, or component parts of a property; the appraiser to analyze anticipated public or private improvements located on or off the site, and analyze the effect on value, if any, of such anticipated improvements to the extent they are reflected in market actions.
- **Standard 5-7:** Defines the reconciliation process of a mass appraisal. Specifically, appraisers must analyze the results and/or applicability of the various approaches used while ensuring that, on an overall basis, standards of reasonableness and accuracy are maintained with the appraisal model selected (underline added for emphasis). It is implicit in mass appraisal that, even when properly specified and calibrated models are used, some individual value conclusions will not meet standards of reasonableness, consistency, and accuracy. Appraisers have a professional responsibility to ensure that, on an overall basis, models produce value conclusions that meet attainable standards of accuracy.
- **Standard 6-1:** Defines general requirements of a mass appraisal written report by addressing the level of information required that will allow the report to be non-misleading, clearly understood, and sufficiently qualified with any assumptions and conditions (elements of which are further detailed in the next three sections of this report that discuss P&A appraisal procedures with regards to specific categories of property).
- **Standard 6-2:** Defines specific content required to be included in a mass appraisal written report.
- **Standard 6-3:** Defines the certification of the mass appraisal written report.

The following sections of this report discuss in more detail the various elements of the development of P&A's mass appraisals and a ssociated written reports as required by USPAP Standards 5 and 6, with regards to P&A appraisal of Mineral Interests, Industrial, Utility, Related Personal Property, and Real Estate.

USPAP STANDARDS 5, 6-1, 6-2: MASS APPRAISAL OF MINERAL INTERESTS

INTRODUCTION

Definition of Appraisal Responsibility (Scope of Effort): The Mineral Valuation Department of Pritchard & Abbott, Inc. (“P&A” hereinafter), is responsible for developing credible values for mineral interests (full or fractional percentage ownership of oil and gas leasehold interest, the amount and type of which are legally and/or contractually created and specified through deeds and leases, [et.al.](#)) associated with producing (or capable of producing) leases. Mineral interests are typically considered real property because of their derivation from the bundle of rights associated with original fee simple ownership of land. Typically all the mineral interests that apply to a single producing lease are consolidated by type (working vs. royalty) with each type then appraised for full value which is then distributed to the various fractional decimal interest owners prorata to their individual type and percentage amount.

P&A’s typical client is a governmental entity charged with appraisal responsibility for ad valorem tax purposes, although other types of clients (private businesses, individuals, etc.) occasionally contract for appraisal services which are strictly for various non-ad valorem tax purposes so that no conflicts of interest are created with P&A’s core ad valorem tax work.

P&A hereby makes the **assumption** that, in all appraisal assignments performed for governmental entities in satisfaction of contractual obligations related to ad valorem tax , the client does not wish to or cannot legally request the appraisal report not identify the client.

Intended users of our reports are typically the client(s) for which we are under direct contract. Although taxpayers or their agents who own and/or represent the subject property being appraised often receive these reports either by law or as a courtesy of the client or P&A, this receipt does not mean these parties automatically become Intended Users as defined by USPAP. **A party receiving a copy of a report in order to satisfy disclosure requirements does not become an intended user of the appraisal or mass appraisal unless the appraiser specifically identifies such party as an intended user.** Potential other users include parties involved in adjudication of valuation disputes (review board members, lawyers, judges, etc.), governmental agencies which periodically review our appraisals for various statutory purposes (such as the Texas Comptroller’s Office) and private parties who may obtain copies of our appraisals through Open Records Requests made to governmental agencies.

This section of P&A’s USPAP report is not applicable to any mineral or mineral interest property that an appraisal district appraises outside of P&A’s appraisal services, in which case the appraisal district’s overall USPAP report should be referenced.

P&A makes the **Extraordinary Assumption** that all properties appraised for ad valorem tax purposes are marketable whereas ownership and title to property are free of encumbrances and other restrictions that would affect fair market value to an extent not obvious to the general marketplace. If and/or when we are made aware of any encumbrances, etc., these would be taken into account in our appraisal in which case the extraordinary assumption stated above would be revoked.

P&A is typically under contract to determine current market value or “fair market value” of said mineral interests. Fair market value is typically described as the price at which a property would sell for if:

- exposed in the open market with a reasonable time for the seller to find a purchaser;

- both the buyer and seller know of all the uses and purposes to which the property is, or can be, adapted and of the enforceable restrictions on its use; and
- both the buyer and seller seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other. [Exigencies are pressing or urgent conditions that leave one party at a disadvantage to the other.]

For ad valorem tax purposes the effective date is usually legislatively specified by the particular State in which we are working - for example, in Texas the lien date is January 1 per the Texas Property Tax Code. For ad valorem tax purposes, the date of the appraisals and reports are typically several months past the effective date, thereby leaving open the possibility that a retrospective approach is appropriate under limited and prescribed circumstances (information after the effective date being applicable only if it confirms a trend or other appraisal condition that existed and was generally known as of the effective date).

P&A believes this section of this report, in conjunction with any attached or separately provided P&A-generated report(s), meets the USPAP definition of “typical practice”; i.e., it satisfies a level of work that is consistent with:

- the expectations of participants in the market for the same or similar appraisal services; and
- what P&A’s peers’ actions would be in performing the same or similar appraisal services in compliance with USPAP.

Legal and Statutory Requirements: In Texas, the provisions of the Texas Property Tax Code and other relevant legislative measures involving appraisal administration and procedures control the work of P&A as an extension of the Appraisal District. Other states in which P&A is employed will have similar controlling legislation, regulatory agencies, and governmental entities. P&A is responsible for appraising property on the basis of its fair market value as of the stated effective date (January 1 in Texas) for ad valorem tax purposes for each taxing unit that imposes ad valorem taxes on property in the contracted Appraisal District. All mineral properties (interests) are reappraised annually. The definition of Fair Market Value is provided and promulgated for use in ad valorem tax work in Texas by the Texas Property Tax Code, and therefore as a **Jurisdictional Exception** supercedes the definition of “market value” as found in USPAP definitions.

NOTE: IN TEXAS, P&A BELIEVES THE PROPERTY BEING APPRAISED AND PLACED ON THE TAX ROLL IS THE INTEREST AND NOT THE OIL OR GAS MINERAL ITSELF, PER PROPERTY TAX CODE SECTION 1.04(2)(F). WHILE OIL AND GAS RESERVES CERTAINLY HAVE VALUE, THE FACT IS THAT IT IS THE INTERESTS IN THESE MINERALS THAT ARE BOUGHT AND SOLD, NOT THE MINERALS THEMSELVES. THE SALE OF MINERALS AS THEY ARE EXTRACTED FROM THE SUBSURFACE OF THE LAND WHERE THEY RESIDE AS MINERALS IN PLACE “MONETIZES” THE INTEREST AND THUS GIVES THE INTEREST ITS VALUE. WHENEVER P&A REFERS TO “MINERAL PROPERTIES” IN THIS REPORT OR IN ANY OTHER SETTING, IT IS THE MINERAL INTEREST, AND NOT THE MINERAL ITSELF, THAT IS THE SUBJECT OF THE REFERENCE.

Administrative Requirements: P&A endorses the principals of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures. P&A also endorses, and follows when possible, the standards promulgated by the Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP). In all cases where IAAO and/or USPAP requirements cannot be satisfied for reasons of practicality or irrelevancy, P&A subscribes to “generally accepted appraisal methods and techniques” so that its value conclusions are credible and defensible. P&A submits annual or biannual contract bids to the Appraisal District Board of Directors or the Office of the Chief Appraiser and is bound to produce appraisal estimates on mineral properties within the cost constraints of said bid. Any appraisal practices and procedures followed by P&A not explicitly defined or allowed through IAAO or USPAP requirements are specified by the Texas Property Tax Code or at the specific request or direction of the Office of the Chief Appraiser.

Appraisal Resources

Personnel: The Mineral Valuation Division staff consists of competent Petroleum Engineers, Geologists, and Appraisers. All personnel are Registered Professional Appraisers with the State of Texas, or are progressing towards this designation within the allowable time frames prescribed by the Texas Department of Licensing and Regulation (TDLR) and/or other licensing and regulatory agencies as applicable.

Data: For each mineral property a common set of data characteristics (i.e. historical production, price and expense data) is collected from various sources and entered into P&A's mainframe computer system. Historical production data and price data is available through state agencies (Texas Railroad Commission, Texas Comptroller, et al.) or private firms who gather, format and repackage such data for sale commercially. Each property's characteristic data drives the computer-assisted mass appraisal approach to valuation.

Information Systems: The mainframe systems are augmented by the databases that serve the various in-house and 3rd-party applications on desktop personal computers. In addition, communication and dissemination of appraisals and other information is available to the taxpayer and client through electronic means including internet and other phone-line connectivity. The appraiser supervising any given contract fields many of the public's questions or redirects them to the proper department personnel.

VALUATION APPROACH (MODEL SPECIFICATION)

Concepts of Value: The valuation of oil and gas properties is not an exact science, and exact accuracy is not attainable due to many factors. Nevertheless, standards of reasonable performance do exist, and there are usually reliable means of measuring and applying these standards.

Petroleum properties are subject to depletion, and capital investment must be returned before economic exhaustion of the resource (mineral reserves). The examination of petroleum properties involves understanding the geology of the resource (producing and non-producing), type of reservoir energy, the methods of secondary and enhanced recovery (if applicable), and the surface treatment and marketability of the produced petroleum product(s).

Evaluation of mineral properties is a continuous process; the value as of the lien date merely represents a "snapshot" in time. The potential value of mineral interests derived from sale of minerals to be extracted from the ground change with mineral price fluctuation in the open market, changes in extraction technology, costs of extraction, and other variables such as the value of money.

Approaches to Value for Petroleum Property

Cost Approach: The use of cost data in an appraisal for market value is based upon the economic principle of substitution. The cost approach typically derives value by a model that begins with replacement cost new (RCN) and then applies depreciation in all its forms (physical depreciation, functional and economic obsolescence). This method is difficult to apply to oil and gas properties since lease acquisition and development may bear no relation to present worth. Though very useful in the appraisal of many other types of properties, the cost approach is not readily applicable to mineral properties. [Keep in mind that the property actually being appraised is the mineral interest and not the oil and gas reserves themselves. Trying to apply the cost approach to evaluation of mineral interests is like trying to apply the cost approach to land; it is a moot point because both are real properties that are inherently non-replaceable.] **As a general rule, and for the reasons stated above, Pritchard & Abbott, Inc., does not employ the cost approach in the appraisal of mineral interests.**

Market Approach: This approach may be defined as one which uses data available from actual transactions recorded in the market place itself; i.e., sales of comparable properties from which a comparison to the subject property can be made. Ideally, this approach's main advantage involves not only an opinion but an opinion supported by the actual spending of money. Although at first glance this approach seems to more closely incorporate the aspects of fair market value per its classical definition, there are two factors that severely limit the usefulness of the market approach for appraising oil and gas properties. First, oil and gas property sales data is seldom disclosed (in non-disclosure states such as Texas); consequently there is usually a severe lack of market data sufficient for meaningful statistical analysis. Second, all conditions of each sale must be known and carefully investigated to be sure one does have a comparative indicator of value per fair market value prerequisites.

Many times when these properties do change hands, it is generally through company mergers and acquisitions where other assets in addition to oil and gas reserves are involved; this further complicates the analysis whereby a total purchase price must be allocated to the individual components - a speculative and somewhat arbitrary task at best. In the case of oil and gas properties, a scarcity of sales requires that every evidence of market data be investigated and analyzed. Factors relative to the sale of oil and gas properties are:

- current production and estimated declines forecast by the buyer;
- estimated probable and potential reserves;
- general lease and legal information which defines privileges or limitation of the equity sold;
- undeveloped potential such as secondary recovery prospects;
- proximity to other production already operated by the purchaser;
- contingencies and other cash equivalents; and
- other factors such as size of property, gravity of oil, etc.

In the event that all these factors are available for analysis, the consensus effort would be tantamount to performing an income approach to value (or trying to duplicate the buyer's income approach to value), thereby making the market approach somewhat moot in its applicability. **As a general rule, and for the reasons stated above, Pritchard & Abbott, Inc., rarely employs a rigorous application of the market approach in the appraisal of mineral interests.**

Income Approach: This approach to value most readily yields itself to the appraisal of mineral interests. Data is readily available whereby a model can be created that reasonably estimates a future income stream to the property. This future income may then be converted (discounted) into an estimate of current value. Many refer to this as a capitalization method, because capitalization is the process of converting an income stream into a capital sum (value). As with any method, the final value is no better than the reliability of the input data. The underlying assumption is that people purchase the property for the future income the property will yield. If the land or improvements are of any residual value after the cessation of oil and gas production, that value should also be included (if those components are also being appraised).

The relevant income that should be used is the expected future net income. Assumptions of this method are:

- Past income and expenses are not a consideration, except insofar as they may be a guide to estimating future net income.
- That the producing life as well as the reserves (quantity of the minerals) are estimated for the property.
- Future income is less valuable than current income, and so future net income must be discounted to make it equivalent to the present income. This discount factor reflects the premium of present money over future money, i.e., interest rate, liquidity, investment management, and risk.

As a general rule, and for the reasons stated above, Pritchard & Abbott, Inc., relies predominantly on the income approach to value in the appraisal of mineral interests.

DATA COLLECTION/VALIDATION

Sources of Data: The main source of P&A's property data is data from the Railroad Commission of Texas as reported by operators. As a monthly activity, the data processing department receives data tapes or electronic files which have updated and new well and production data. Other discovery tools are fieldwork by appraisers, financial data from operators, information from chief appraisers, tax assessors, trade publications and city and local newspapers. Other members of the public often provide P&A information regarding new wells and other useful facts related to property valuation.

Another crucial set of data to obtain is the ownership of these mineral interests. Typically a mineral lease is fractionated and executed with several if not many owners. This information is typically requested (under a promise of confidentiality concerning owners' personal information) from pipeline purchasers and/or other entities (such as operators) who have the responsibility of disbursing the income to the mineral interest owners. Another source of ownership information is through the taxpayers themselves who file deeds of ownership transfer and/or correspond with P&A or the appraisal district directly.

Data Collection Procedures: Electronic and field data collection requires organization, planning and supervision of the appraisal staff. Data collection procedures for mineral properties are generally accomplished globally by the company; i.e., production and price data for the entire state is downloaded at one time into the computer system. Appraisers also individually gather and record specific and particular information to the appraisal file records, which serves as the basis for the valuation of mineral properties. P&A is divided into four district offices covering different geographic areas. Each office has a district manager, appraisal and ownership maintenance staff, and clerical staff as appropriate. While overall standards of performance are established and upheld for the various district offices, quality of data is emphasized as the goal and responsibility of each appraiser.

VALUATION ANALYSIS (MODEL CALIBRATION)

Appropriate revisions and/or enhancements of schedules or discounted cash flow software are annually made and then tested prior to the appraisals being performed. Calibration typically involves performing multiple discounted cash flow tests for leases with varying parameter input to check the correlation and relationship of such indicators as: Dollars of Value Per Barrel of Reserves; Dollars of Value Per Daily Average Barrel Produced; Dollars of Expense Per Daily Average Barrel Produced; Years Payout of Purchase Price (Fair Market Value). In a more classical calibration procedure, the validity of values by P&A's income approach to value is tested against actual market transactions, if and when these transactions and verifiable details of these transactions are disclosed to P&A. Of course these transactions must be analyzed for meeting all requisites of fair market value definition. Any conclusions of this analysis are then compared to industry benchmarks for reasonableness before being incorporated into the calibration procedure.

INDIVIDUAL VALUE REVIEW PROCEDURES

Individual property values are reviewed several times in the appraisal process. P&A's discounted cashflow software dynamically generates various benchmark indicators that the appraiser reviews concurrent with the value being generated. These benchmarks often prompt the appraiser to reevaluate some or all of the parameters of data

entry so as to arrive at a value more indicative of industry standards. Examples of indicators are dollars of value per barrel of oil reserve, years payout, etc. In addition to appraiser review, taxpayers are afforded the opportunity to review the appraised values, either before or after Notices of Appraised Value are prepared. Operators routinely meet with P&A's appraisers to review parameters and to provide data not readily available to P&A through public or commercial sources, such as individual lease operating expense and reserve figures. And of course, all property values are subject to review through normal protest and Appraisal Review Board procedures, with P&A acting as an extension of the Office of the Chief Appraiser.

PERFORMANCE TESTS

An independent test of the appraisal performance of properties appraised by P&A is conducted by the State of Texas Comptroller's Office through the annual Property Value Study for school funding purposes. This study determines the degree of uniformity and the median level of appraisal for mineral properties. School jurisdictions are given an opportunity to appeal any preliminary findings. After the appeal process is resolved, the Comptroller publishes a report of the findings of the study, including in the report the median level of appraisal, the coefficient of dispersion around the median level of appraisal and any other standard statistical measures that the Comptroller considers appropriate.

USPAP STANDARDS 5, 6-1, 6-2: MASS APPRAISAL OF INDUSTRIAL, UTILITY AND RELATED PERSONAL PROPERTY

INTRODUCTION

Definition of Appraisal Responsibility (Scope of Effort): The Engineering Services Department of Pritchard & Abbott, Inc. (P&A) is responsible for developing fair and uniform market values for industrial, utility and personal properties.

P&A's typical client is a governmental entity charged with appraisal responsibility for ad valorem tax purposes, although other types of clients (private businesses, individuals, etc.) occasionally contract for appraisal services which are strictly for various non-ad valorem tax purposes so that no conflicts of interest are created with P&A's core ad valorem tax work.

P&A hereby makes the **assumption** that, in all appraisal assignments performed for governmental entities in satisfaction of contractual obligations related to ad valorem tax, the client does not wish to or cannot legally request the appraisal report not identify the client.

Intended users of our reports are typically the client(s) for which we are under direct contract. Although taxpayers or their agents who own and/or represent the subject property being appraised often receive these reports either by law or as a courtesy of the client or P&A, this receipt does not mean these parties automatically become Intended Users as defined by USPAP. **A party receiving a copy of a report in order to satisfy disclosure requirements does not become an intended user of the appraisal or mass appraisal unless the appraiser specifically identifies such party as an intended user.** Potential other users include parties involved in adjudication of valuation disputes (review board members, lawyers, judges, etc.), governmental agencies which periodically review our appraisals for various statutory purposes (such as the Texas Comptroller's Office) and private parties who may obtain copies of our appraisals through Open Records Requests made to governmental agencies.

This section of P&A's USPAP report is not applicable to any Industrial, Utility, or related Personal Property that an appraisal district appraises outside of P&A's appraisal services, in which case the appraisal district's overall USPAP report should be referenced.

P&A makes the **Extraordinary Assumption** that all properties appraised for ad valorem tax purposes are marketable whereas ownership and title to property are free of encumbrances and other restrictions that would affect fair market value to an extent not obvious to the general marketplace. If and/or when we are made aware of any encumbrances, etc., these would be taken into account in our appraisal in which case the extraordinary assumption stated above would be revoked.

P&A is typically under contract to determine current market value or "fair market value" of said industrial, utility, and related personal property. Fair market value is typically described as the price at which a property would sell for if:

- exposed in the open market with a reasonable time for the seller to find a purchaser;
- both the buyer and seller know of all the uses and purposes to which the property is, or can be, adapted and of the enforceable restrictions on its use; and

- both the buyer and seller seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other. [Exigencies are pressing or urgent conditions that leave one party at a disadvantage to the other.]

For ad valorem tax purposes the effective date is usually legislatively specified by the particular State in which we are working - for example, in Texas the lien date is January 1 per the Texas Property Tax Code. For ad valorem tax purposes, the date of the appraisals and reports are typically several months past the effective date, thereby leaving open the possibility that a retrospective approach is appropriate under limited and prescribed circumstances (information after the effective date being applicable only if it confirms a trend or other appraisal condition that existed and was generally known as of the effective date).

P&A believes this section of this report, in conjunction with any attached or separately provided P&A-generated report(s), meets the USPAP definition of “typical practice”; i.e., it satisfies a level of work that is consistent with:

- the expectations of participants in the market for the same or similar appraisal services; and
- what P&A’s peers’ actions would be in performing the same or similar appraisal services in compliance with USPAP.

Legal and Statutory Requirements: The provisions of the Texas Property Tax Code and relevant legislative measures involving appraisal administration and procedures control the work of P&A as a subcontractor to the Appraisal District. P&A is responsible for appraising property on the basis of its market value as of January 1 for ad valorem tax purposes for each taxing unit that imposes ad valorem taxes on property in the contracted Appraisal District. All industrial, utility and personal properties are reappraised annually. The definition of Fair Market Value is provided and promulgated for use in ad valorem tax work in Texas by the Texas Property Tax Code, and therefore as a **Jurisdictional Exception** supercedes the definition of “market value” as found in USPAP definitions.

Administrative Requirements: P&A follows generally accepted and/or recognized appraisal practices and when applicable, the standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures. P&A, when applicable, also subscribes to the standards promulgated by the Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP). In all cases where IAAO and/or USPAP requirements cannot be satisfied for reasons of practicality or irrelevancy, P&A subscribes to “generally accepted appraisal methods and techniques” so that its value conclusions are credible and defensible. P&A submits annual or biannual contract bids to the Office of the Chief Appraiser and is bound to produce appraisal estimates on industrial, utility and personal properties within the cost constraints of said bid. Any appraisal practices and procedures followed by P&A not explicitly defined through IAAO or USPAP requirements are specified by the Texas Property Tax Code and/or at the specific request or direction of the Office of the Chief Appraiser.

Appraisal Resources

Personnel: The Engineering Services Department and P&A’s appraisal staff consists of appraisers with degrees in engineering, business and accounting. All personnel are Registered Professional Appraisers with the State of Texas, or are progressing towards this designation as prescribed by the Texas Department of Licensing and Regulation (TDLR).

Data: A set of data characteristics (i.e. original cost, year of acquisition, quantities, capacities, net operating income, property description, etc.) for each industrial, utility and personal property is collected from various sources. This data is maintained in either hard copy or computer files. Each property's characteristic data drives the appropriate computer-assisted appraisal approach to valuation.

Information Systems: P&A's mainframe computer system is composed of in-house custom software augmented by schedules and databases that reside as various applications on personal computers (PC). P&A offers a variety of systems for providing property owners and public entities with information services.

VALUATION APPROACH (MODEL SPECIFICATION)

Concepts of Value: The valuation of industrial, utility and personal properties is not an exact science, and exact accuracy is not attainable due to many factors. These are considered complex properties and some are considered Special Purpose properties. Nevertheless, standards of reasonable performance do exist, and there are reliable means of measuring and applying these standards.

The evaluation and appraisal of industrial, utility and personal property relies heavily on the discovery of the property followed by the application of recognized appraisal techniques. The property is subject to inflation and depreciation in all forms. The appraisal of industrial and personal property involves understanding petroleum, chemical, steel, electrical power, lumber and paper industry processes along with a myriad of other industrial processes. Economic potential for this property usually follows either the specific industry or the general business economy. The appraisal of utility properties involves understanding telecommunications, electrical transmission and distribution, petroleum pipelines and the railroad industry. Utility properties are subject to regulation and economic obsolescence. The examination of utility property involves the understanding of the present value of future income in a regulated environment.

The goal for valuation of industrial, utility and personal properties is to appraise all taxable property at "fair market value". The Texas Property Tax Code defines Fair Market value as the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

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

Approaches to Value for Industrial, Utility, and Personal Property

Cost Approach: The use of cost data in an appraisal for market value is based upon the economic principle of substitution. This method is most readily applicable to the appraisal of industrial and personal property and some utility property. Under this method, the market value of property equals the value of the land plus the current cost of improvements less accrued depreciation. An inventory of the plant improvements and machinery and equipment is maintained by personally inspecting each facility every year. **As a general rule, and for the reasons stated above, Pritchard & Abbott, Inc., relies predominantly on the cost approach to value in the appraisal of industrial, utility, and personal property.**

Market Approach: This approach is characterized as one that uses sales data available from actual transactions in the market place. There are two factors that severely limit the usefulness of the market approach for appraising industrial, utility and personal properties. First, the property sales data is seldom disclosed; consequently there is insufficient market data for these properties available for meaningful statistical analysis. Second, all conditions of sale must be known and carefully investigated to be sure one does have a comparative indicator of value. Many times when these properties do change hands, it is generally through company mergers and acquisitions where other assets and intangibles in addition to the industrial, utility and personal property are involved. The complexity of these sales presents unique challenges and hindrances to the process of allocation of value to the individual components of the transaction.

In the case of industrial, utility and personal properties, a scarcity of sales requires that all evidence of market data be investigated and analyzed. Factors relative to the sale of these properties are:

- plant capacity and current production; terms of sale, cash or equivalent;
- complexity of property;
- age of property;
- proximity to other industry already operated by the purchaser; and
- other factors such as capital investment in the property.

As a general rule, and for the reasons stated above, Pritchard & Abbott, Inc., rarely employs a rigorous application of the market approach in the appraisal of industrial, utility, and personal property.

Income Approach: This approach to value most readily yields itself to all income generating assets, especially utility properties. Data for utility properties is available from annual reports submitted to regulatory agencies whereby future income may be estimated, and then this future income may be converted into an estimate of value. The valuation of an entire company by this method is sometimes referred to as a Unit Value. Many refer to this as a capitalization method, because capitalization is the process of converting an income stream into a capital sum (value). As with any method, the final value estimate is no better than the reliability of the input data. The underlying assumption is that people purchase the property for the future income the property will yield.

The relevant income that should be used in the valuation model is the expected future net operating income after depreciation but before interest expense (adjustments for Federal Income Taxes may or may not be required). Assumptions of this method are:

- Past income and expenses are a consideration, insofar as they may be a guide to future income, subject to regulation and competition.
- The economic life of the property can be estimated.
- The future production, revenues and expenses can be accurately forecasted. Future income is less valuable than current income, and so future net income must be discounted to make it equivalent to the present income. This discount factor reflects the premium of present money over future money, i.e., interest rate, liquidity, investment management, and risk.

As a general rule, and for the reasons stated above, Pritchard & Abbott, Inc., employs the income approach in the appraisal of industrial and utility property only when quantifiable levels of income are able to be reliably determined and/or projected for the subject property. P&A does not employ the income approach in the appraisal of personal property.

DATA COLLECTION/VALIDATION

Sources of Data: The main source of P&A's property data for industrial and personal property is through fieldwork by the appraisers and commercially/publicly available schedules developed on current costs. Data for performing utility appraisals is typically provided by the taxpayer or is otherwise available at various regulatory agencies (Texas Railroad Commission, Public Utilities Commission, FERC, et. al.). Other discovery tools are financial data from annual reports, information from chief appraisers, renditions, tax assessors, trade publications and city and local newspapers. Other members of the public often provide P&A information regarding new industry and other useful facts related to property valuation.

Data Collection Procedures: Electronic and field data collection requires organization, planning and supervision of the appraisal staff. Data collection procedures have been established for industrial and personal properties. Appraisers gather and record information in the mainframe system, where customized programs serve as the basis for the valuation of industrial, utility and personal properties. P&A is divided into multiple district offices covering different geographic zones. Each office has a district manager and field staff. While overall standards of performance are established and upheld for the various district offices, quality of data is emphasized as the goal and responsibility of each appraiser. Additionally, P&A's Engineering Services Department provides supervision and guidance to all district offices to assist in maintaining uniform and consistent appraisal practices throughout the company.

VALUATION ANALYSIS (MODEL CALIBRATION)

The validity of the values by P&A's income and cost approaches to value is tested against actual market transactions, if and when these transactions and verifiable details of the transactions are disclosed to P&A. These transactions are checked for meeting all requisites of fair market value definition. Any conclusions from this analysis are also compared to industry benchmarks before being incorporated in the calibration procedure. Appropriate revisions of cost schedules and appraisal software are annually made and then tested for reasonableness prior to the appraisals being performed.

INDIVIDUAL VALUE REVIEW PROCEDURES

Individual property values are reviewed several times in the appraisal process. P&A's industrial, utility, personal property programs and appraisal spreadsheets afford the appraiser the opportunity to review the value being generated. Often the appraiser is prompted to reevaluate some or all of the parameters of data entry so as to arrive at a value more indicative of industry standards. Examples of indicators are original cost, replacement cost, service life, age, net operating income, capitalization rate, etc. In addition to appraiser review, taxpayers are afforded the opportunity to review the appraised values either before or after Notices of Appraised Value are prepared. Taxpayers, agents and representatives routinely meet with P&A's appraisers to review parameters and to provide data not readily available to P&A through public or commercial sources, such as investment costs and capitalization rate studies. And of course, all property values are subject to review through normal protest and Appraisal Review Board procedures, with P&A acting as a representative of the Office of the Chief Appraiser.

PERFORMANCE TESTS

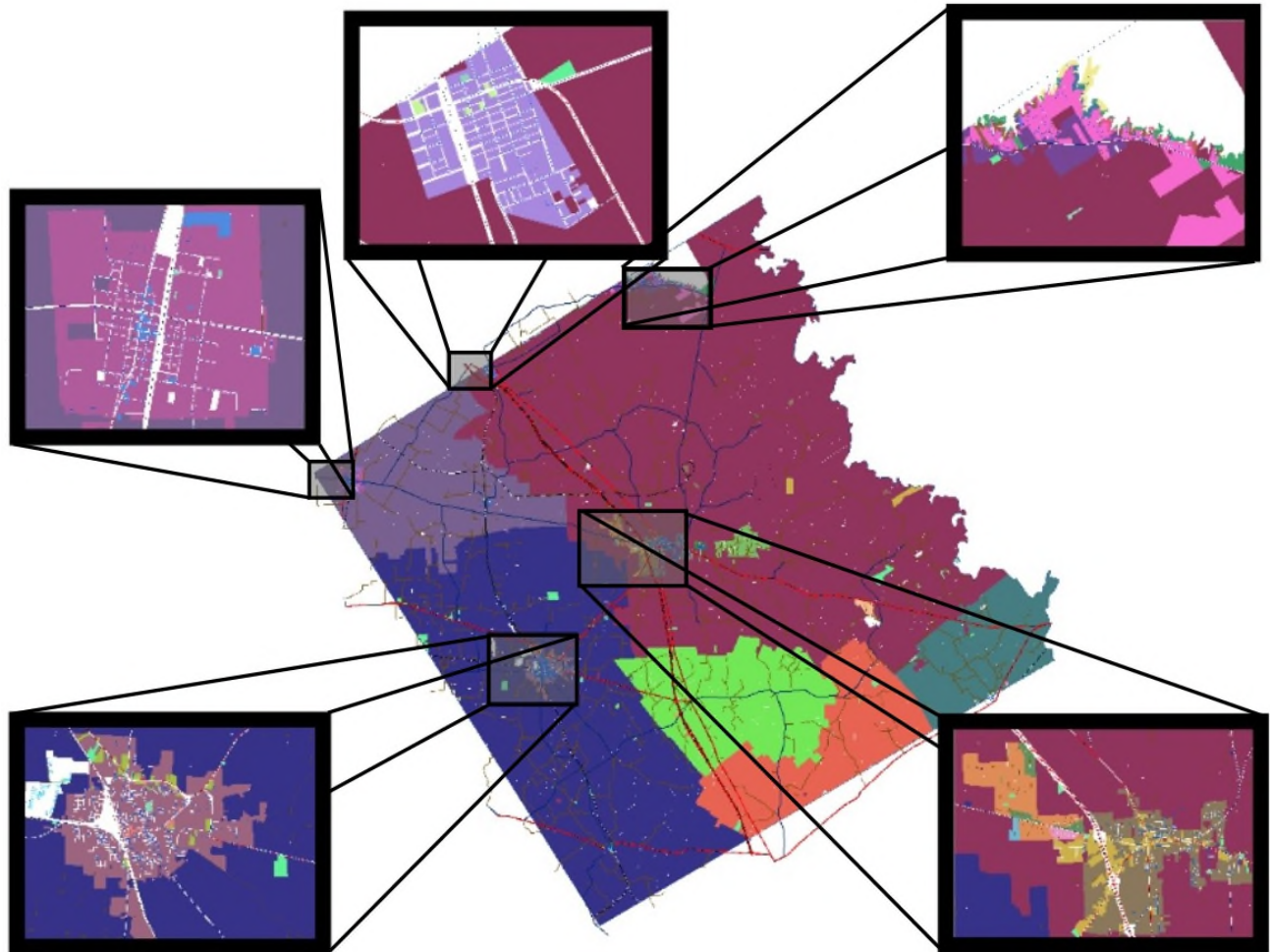
An independent test of the appraisal performance of properties appraised by P&A is conducted by the State of Texas Comptroller's Office through the annual Property Value Study for school funding purposes. This study determines the degree of uniformity and the median level of appraisal for utility properties. School jurisdictions are given an opportunity to appeal any preliminary findings. After the appeal process is resolved, the Comptroller publishes a report of the findings of the study, including in the report the median level of appraisal, the coefficient of dispersion around the median level of appraisal and any other standard statistical measures that the Comptroller considers appropriate.

Defined Market Areas

As of August 1, 2022

The following map is for general location and illustration purposes.

Specific neighborhood boundaries are more specifically recognizable as displayed in the district's GIS system.



The following table includes market areas currently recognized by FCAD. Appraisal model calibration includes analysis of sales in each identified market area (neighborhood) to determine an adjustment factor (market modifier) that will adjust the appraisal model for its location.

Market Area	Neighborhood Code
RURAL BISD	BISD
BURLESON LAKE	BLAKE
COUNTRY EAST ADDN	CEAST
CHILDS ADDN AREA	CHILD
RURAL DISD	DISD
EASTVIEW ADDITION	EASTV
FAIRFIELD COMMERCIAL	FCOM
RURAL FISD	FISD
FAIRFIELD CITY RESIDENTIAL	FRES
FRIENDSWOOD	FWOOD
GREEN ACRES-MOREHEAD-GOLDEN CONDO AREA	GAM
LOTT VILLAGE ADDN	LOTT
LOVERS LN/PARKWOOD ADDN	LOVPK
LAKEWOOD	LWOOD
OAKFOREST FAIRFIELD	OAK
RURAL OISD	OISD
COMMERCIAL RICHLAND CHAMBERS AREA	RCCOM
RESIDENTIAL RICHLAND AREA	RCRES
RED LAKE	RLAKE
RURAL COMMERCIAL	RRCOM
RESTRICTED SUB BEST WATERFRONT RCLAKE	RWAT1
RESTRICTED SUB GOOD WATERFRONT RCLAKE	RWAT2
RESTRICTED SUB CHANNEL WATERFRONT RCLAKE	RWAT3
STREETMAN COMMERCIALCOMMERCIAL	SCOM
STREETMAN CITY RESIDENTIAL	SRES
SEPT SOUND BEST WTR	SS1
SEPT SOUND GOOD WTR	SS2
SEPT SOUND CHANNEL	SS3
TEAGUE COMMERCIAL	TCOM
TEAGUE COMMERCIAL - OTS	TCOTS
RURAL TISD -INCLUDES MISD	TISD
TEAGUE HUNT FISH	TLAKE
THOUSAND OAKS ADDITION	TOAKS
TEAGUE CITY RESIDENTIAL	TRES
UNRESTRICTED SUB BEST WATERFRONT RCLAKE	UWAT1
UNRESTRICTED GOOD WATERFRONT RCLAKE	UWAT2
UNRESTRICTED CHANNEL WATERFRONT RCLAKE	UWAT3
BEST WATERFRONT RICHLAND CHAMBERS	WAT1
GOOD WATERFRONT RICHLAND CHAMBERS	WAT2
CHANNELVIEW RICHLAND CHAMBERS	WAT3
WORTHAM COMMERCIALCOMMERCIAL	WCOM
WESTWOOD RESTRICTED	WESTR
WESTWOOD UNRESTRICTED	WESTU
WILDWOOD	WILD
WILLOW CREAK FARMS	WILLO
RURAL WISD- INCLUDES CISD	WISD
WILDERNESS BEST WATERFRONT	WNES1
WILDERNES GOOD WATERFRONT	WNES2
WILDERNESS WATERVIEW	WNES3
WORTHAM CITY RESIDENTIAL	WRES

2023 Schedule of Appraisal Activities

Date	Event
8/10/2022	Regular meeting of Board of Directors 7:00 pm at CAD office
8/22/2022	Post & Publish ARB member application for 2023-2024 term
8/29/2022	2023 Reappraisal Cycle Begins
8/29/2022 to 2/27/2023	Begin review of scheduled properties & new properties for 2023
9/1/2022	Appraisal Date for Inventories that have qualified under Sec. 23.21(f)
9/5/2022	Labor Day Holiday - Office Closed
9/7/2022	Regular meeting of Board of Directors 7:00 pm at CAD office
9/7/2022	Public Hearing for consideration and adoption of 2023-2024 Reappraisal Plan
9/13/2022	ARB meets to hear taxpayer protests
10/7/2022	Chief Appraiser presents 3rd Qtr. Appraisal Roll Changes to ARB & BOD
10/11/2022	ARB 4th Quarterly Meeting
10/12/2022	Regular meeting of Board of Directors 7:00 pm at CAD office
11/9/2022	Regular meeting of Board of Directors 7:00 pm at CAD office
11/11/2022	Veterans Day Holiday - Office Closed
11/23/2022	Thanksgiving Holiday - Office Closed at 12:00 pm
11/24/2022 to 11/25/2022	Thanksgiving Holiday - Office Closed
12/14/2022	Regular meeting of Board of Directors 7:00 pm at CAD office
12/22/2022	Target Date for Completion of BPP Scheduled Inspections
12/23/2022 to 12/26/2022	Christmas Holiday - Office Closed
12/30/2022	New Year's Eve Holiday (Observed) - Office Closed at noon
1/1/2023	Valuation date for all properties, except those qualified under Sec. 23.21(f)
1/2/2023	New Year's Holiday (Observed) - Office Closed
1/3/2023 to 5/12/2023	Review BPP Renditions & Inspection of New Businesses
1/10/2023	Chief Appraiser presents 4th Qtr. Appraisal Roll Changes to ARB & BOD
1/11/2023	Regular meeting of Board of Directors 7:00 pm at CAD office

Date	Event
1/16/2023	Martin Luther King Holiday - office closed
1/19/2023	ARB 1st Quarterly Meeting
1/19/2023	ARB approves 4th Qtr. Appraisal Roll Changes as presented by Chief Appraiser
1/19/2023	Public Hearing for ARB Adoption of 2023 Hearing Rules & Procedures
1/31/2023	Filing Deadline for PTC Chapter 25 Motions
1/31/2023	Late Filing Deadline for 2020 Homestead Exemptions
2/1/2023	2022 Tax Delinquency Date
2/8/2023	Regular meeting of Board of Directors 7:00 pm at CAD office
2/20/2023	President's Day Holiday - office closed
2/27/2023	End scheduled inspections
2/27/2023 to 3/24/2023	Begin Other Unscheduled Inspections
3/1/2023	Notify/Coordinate with Taxing Jurisdictions on Appraisal Roll Delivery Format
3/1/2023 to 4/3/2023	Review Vehicle Registration List
3/1/2023 to 3/24/2023	Final Internal Ratio Study Analysis, Appraisal Model Calibration, and Review
3/2/2023	Publish Exemption ad in newspapers and website
3/8/2023	Regular meeting of Board of Directors 7:00 pm at CAD office
3/13/2023	Ag Advisory Board Meeting
3/27/2023 to 3/30/2023	Error edits on appraisal file prior to printing appraisal notices
3/31/2023	Last deed date read for ownership changes before notices
4/3/2023	Data entry for appraisal records for real property ends
4/3/2023	Ownership change data entry ends
4/3/2023 to 7/15/2023	Ownership changes posted to CAMA and GIS databases from owner documents brought in by property owners/sellers
4/4/2023	Generate 25.19 Notice file for printing
4/7/2023	Good Friday Holiday - office closed
4/10/2023	Chief Appraiser presents 1st Qtr. Appraisal Roll Changes to ARB & BOD
4/12/2023	Regular meeting of Board of Directors 7:00 pm at CAD office
4/12/2023	BOD approves 1st Qtr. Appraisal Roll Changes as presented by Chief Appraiser
4/14/2023	Mail 25.19 Notices of Appraised Value for Real Property
4/14/2023	Update preliminary appraisal data on website - turn on electronic protest option
4/17/2023	Deadline for filing renditions

Date	Event
4/17/2023	Deadline for requesting rendition filing extension
4/18/2023 to 5/17/2023	Late rendition filing period
4/20/2023	Publish public notice of protest procedures in Newspapers & on Website
4/28/2023	Chief Appraiser delivers certified estimates to taxing jurisdictions
5/1/2023 to 7/1/2023	Accept Late Filed 1-d-1 Open Space & Timber Applications for 2023 -10% penalty applicable
5/10/2023	Regular meeting of Board of Directors 7:00 pm at CAD office
5/15/2023	Last day to file protests for 04/14/23 appraisal notices (REAL)
5/15/2023	Edit BPP file for 25.19 Appraisal Notice preparation
5/17/2023	Deadline for filing late renditions
5/19/2023	Mail 25.19 Appraisal Notices on Min/Util/Indus/BPP property
5/19/2023	Mail Penalty Assessment Notice to Unrendered BPP property owners
5/23/2023	ARB 2nd Quarterly Meeting
5/23/2023	ARB accepts 2023 appraisal records from Chief Appraiser
5/23/2023	ARB approves 1st Qtr. Appraisal Roll Changes as presented by Chief Appraiser
5/23/2023	Chief Appraiser presents 2023 Summary Appraisal Report
5/29/2023	Memorial Day Holiday - office closed
6/6/2023 to 7/18/2023	ARB meets the hear Taxpayer Protests. Tuesdays & Thursdays 9am - 6PM (Pending ARB date approval)
6/14/2023	Regular meeting of Board of Directors 7:00 pm at CAD office
6/19/2023	Emancipation Day Holiday - Office Closed
6/20/2023	Last day to file protests for 05/19/23 25.19 appraisal notices (MIN & BPP)
7/4/2023	Independence Day Observed- office closed
7/10/2023	Chief Appraiser presents 2nd Qtr. Appraisal Roll Changes to ARB & BOD
7/11/2023	ARB 3rd Quarterly Meeting
7/11/2023	ARB approves 2nd Qtr. Appraisal Roll Changes as presented by Chief Appraiser
7/12/2023	Regular meeting of Board of Directors 7:00 pm at CAD office
7/12/2023	BOD approves 2nd Qtr. Appraisal Roll Changes as presented by Chief Appraiser
7/17/2023 to 7/19/2023	Error edits to close appraisal file for certification
7/18/2023	ARB Approves 2023 Appraisal Records
7/19/2023 to 7/21/2023	Create Certified History File for Real & Mineral Records
7/25/2023	Chief Appraiser certifies appraisal records to taxing jurisdictions

Date	Event
7/26/2023	Archive GIS map data to match certified roll data
7/26/2023	Update certified appraisal data on website
7/26/2023	Prepare and Archive CAD copies of certified appraisal rolls & lists
7/26/2023	Export appraisal data to TNT Website
7/26/2023 to 7/28/2023	Process jurisdiction requests for certified appraisal rolls/records/data files
8/4/2023	Notify all property owners in CAD of TNT website by postcard

2024 Schedule of Appraisal Activities

Date	Event
7/31/2023 to 8/31/2023	Maintenance & Preparation for 2024 Reappraisal Cycle
8/9/2023	Regular meeting of Board of Directors 7:00 pm at CAD office
8/21/2023	Post & Publish request for ARB member applications for the 2024-2025 term
9/1/2023	Appraisal date for inventories that have qualified under Sec. 23.21(f)
9/5/2023 to 2/29/2024	Review of scheduled properties & new properties for 2024
9/6/2023	Labor Day Holiday - Office Closed
9/13/2023	Regular meeting of Board of Directors 7:00 pm at CAD office
10/10/2023	Chief Appraiser presents 3rd Qtr. Appraisal Roll Changes to ARB & BOD
10/11/2023	Regular meeting of Board of Directors 7:00 pm at CAD office
11/8/2023	Regular meeting of Board of Directors 7:00 pm at CAD office
11/8/2023	BOD approves 3rd Qtr. Appraisal Roll Changes as presented by Chief Appraiser
11/10/2023	Veterans Day Holiday - Office Closed
11/16/2023	ARB 4th Quarterly Meeting
11/16/2023	ARB approves 3rd Qtr. Appraisal Roll Changes as presented by Chief Appraiser
11/22/2023	Thanksgiving Holiday - Office Closed at 12:00 pm
11/23/2023 to 11/24/2023	Thanksgiving Holiday - Office Closed
12/13/2023	Regular meeting of Board of Directors 7:00 pm at CAD office
12/21/2023	Target date for completion of BPP scheduled inspections
12/22/2023 to 12/26/2023	Christmas Holiday - Office Closed
12/29/2023	New Year's Eve Holiday (Observed) - Office Closed at noon
1/1/2024	New Year's Holiday - Office Closed
1/1/2024	Valuation date for all properties, except those qualified under Sec. 23.21(f)
1/2/2024 to 5/15/2024	Review BPP Renditions & Inspection of new businesses
1/10/2024	Chief Appraiser presents 4th Qtr. Appraisal Roll Changes to ARB & BOD
1/10/2024	BOD approves 4th Qtr. Appraisal Roll Changes as presented by Chief Appraiser
1/10/2024	Regular meeting of Board of Directors 7:00 pm at CAD office
1/10/2024	ARB approves 4th Qtr. Appraisal Roll Changes as presented by Chief Appraiser

Date	Event
1/15/2024	Martin Luther King Holiday - office closed
1/18/2024	ARB 1st Quarterly Meeting
1/18/2024	Public Hearing for ARB Adoption of 2024 Hearing Rules & Procedures
1/31/2024	Filing Deadline for PTC Chapter 25 Protests
1/31/2024	Late Filing Deadline for 2021 Homestead Exemptions
2/1/2024	2023 Tax Delinquency Date
2/14/2024	Regular meeting of Board of Directors 7:00 pm at CAD office
2/19/2024	President's Day Holiday - office closed
2/29/2024	End Scheduled Inspections
2/29/2024 to 3/22/2024	Begin other unscheduled inspections
3/1/2024	Notify/Coordinate with Taxing Jurisdictions on Appraisal Roll Delivery Format
3/4/2024	Publish Exemption ad in newspapers and website
3/4/2024 to 3/29/2024	Final Internal Ratio Study, Appraisal Model Calibration, and Review
3/5/2024 to 4/1/2022	Review Vehicle Registration List
3/13/2024	Regular meeting of Board of Directors 7:00 pm at CAD office
3/13/2024	Ag Advisory Board Meeting
3/29/2024	Good Friday Holiday - office closed
3/31/2024	Last deed date read for ownership changes before notices
4/1/2024	Data entry for appraisal records for real property ends
4/1/2024 to 4/4/2024	Error edits on appraisal file prior to printing appraisal notices
4/4/2024 to 7/15/2024	Ownership changes posted to CAMA and GIS databases from owner documents brought in by property owners/sellers
4/5/2024	Generate 25.19 Notice file for printing
4/5/2024	Ownership change data entry ends for documents pulled from County Clerk's Office
4/10/2024	Chief Appraiser presents 1st Qtr. Appraisal Roll Changes to ARB & BOD
4/10/2024	BOD approves 1st Qtr. Appraisal Roll Changes as presented by Chief Appraiser
4/10/2024	Regular meeting of Board of Directors 7:00 pm at CAD office
4/15/2024	Update preliminary appraisal data on website - turn on electronic protest option
4/15/2024	Mail 25.19 Notices of Appraised Value for Real Property
4/15/2024	Deadline for filing renditions
4/15/2024	Deadline for requesting rendition filing extension

Date	Event
4/16/2024 to 5/16/2024	Late rendition filing period
4/22/2024	Publish public notice of protest procedures in newspapers & on website
4/30/2024	Chief Appraiser delivers certified estimates to taxing jurisdictions
5/2/2024 to 7/1/2024	Accept Late Filed 1-d-1 Open Space & Timber Applications for 2024 -10% penalty applicable
5/8/2024	Regular meeting of Board of Directors 7:00 pm at CAD office
5/14/2024	Last day to file protests for 04/15/24 appraisal notices (REAL)
5/16/2024	Deadline for filing late renditions
5/16/2024	Edit BPP file for 25.19 Appraisal Notice preparation
5/20/2024	Mail 25.19 Appraisal Notices on Min/Util/Indus/BPP property
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5/23/2024	ARB approves 1st Qtr. Appraisal Roll Changes as presented by Chief Appraiser
5/23/2024	Chief Appraiser presents 2024 Summary Appraisal Report
5/27/2024	Memorial Day Holiday - office closed
6/6/2024 to 7/18/2024	ARB meet to hear Taxpayer Protests. Tuesdays & Thursdays, 9am-6pm (Pending ARB date approval)
6/12/2024	Regular meeting of Board of Directors 7:00 pm at CAD office
6/19/2024	Emancipation Day Holiday - Office Closed
6/20/2024	Last day to file protests for 05/20/2024 appraisal notices (MIN & BPP)
7/1/2024	Final filing deadline for 1-d-1 Open Space Land & Timber Applications
7/4/2024	Independence Day Observed- office closed
7/10/2024	Chief Appraiser presents 2nd Qtr. Appraisal Roll Changes to ARB & BOD
7/10/2024	BOD approves 2nd Qtr. Appraisal Roll Changes as presented by Chief Appraiser
7/10/2024	Regular meeting of Board of Directors 7:00 pm at CAD office
7/11/2024	ARB 3rd Quarterly Meeting
7/11/2024	ARB Approves 2024 Appraisal Records
7/11/2024	ARB approves 2nd Qtr. Appraisal Roll Changes as presented by Chief Appraiser
7/18/2024 to 7/19/2024	Error edits to close appraisal file for certification
7/19/2024 to 7/22/2024	Create Certified History File for Real & Mineral Records
7/25/2024	Chief Appraiser certifies appraisal records to taxing jurisdictions

Date	Event
7/26/2024 to 7/29/2024	Archive GIS map data to match certified roll data
7/26/2024 to 7/29/2024	Prepare and Archive CAD copies of certified appraisal rolls & lists
7/26/2024 to 7/29/2024	Process jurisdiction requests for certified appraisal rolls/records/data files
7/26/2024	Update certified appraisal data on website
7/29/2024	Export appraisal data to TNT Website
8/7/2024	Notify all property owners in CAD of TNT website by postcard

