

**WARD COUNTY
APPRAISAL DISTRICT**

**2021
USPAP / Mass Appraisal Summary**

WARD COUNTY APPRAISAL DISTRICT

2021 USPAP/ MASS APPRAISAL REPORT

Purpose

The purpose of this report is to better inform the property owners within the boundaries of the Ward County Appraisal District (WCAD) and to comply with Standards Rule 6-7 of Uniform Standards of Professional Appraisal Practice (USPAP), effective January 1, 2015 – December 31, 2015. Standards Rule 6-7 addresses a written summary report of a mass appraisal for ad valorem taxation. Mass appraisal is the process of valuing a group of properties as of a given date, using standard methods, and employing common data, which allows for statistical testing. The intended use of the appraised values is to establish a tax base upon which a property tax will be levied. Each taxing unit within WCAD boundaries will use the appraised values for ad valorem tax purposes only.

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

- (A) exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- (B) both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
- (C) both the seller and the purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

Responsibilities

The Appraisal District is responsible for appraising property in the district for ad valorem tax purposes for each taxing unit that imposes ad valorem taxes on the property in the district. Ward CAD serves the public and eight taxing entities of Ward County. Taxing entities in Ward County are composed of three school districts, three cities, the county, and one special district, Water District #2. The Appraisal District has two school districts and one that extend into one neighboring county, Reeves County.

Organizational Structure

The Ward County Appraisal District was created by the Texas Legislature effective January 1, 1980. Ward CAD appraises property for eight taxing entities in Ward County, Texas. Ward CAD is a political subdivision of the State of Texas. The Appraisal District is governed by a five-member Board of Directors. After establishing the Appraisal District, the taxing entities agreed to the following method of selection of the five board members. There are two appointed members for the two jurisdictions that contribute the majority of the budget; Ward County and M-W-P ISD. The County Assessor/Collector is a state designated board member. The remaining one member is nominated and elected by all of the taxing entities' governing bodies. The board appoints the Chief Appraiser who serves at the pleasure of the Board. The Board also approves the budget and sets policies. The Chief Appraiser is the Chief Administrator of the Appraisal District and may employ and compensate professional, clerical, and other personnel as provided by budget. The Chief Appraiser may delegate authority to her/his employees.

WCAD currently has three employees; the Chief Appraiser, and two Appraisal Techs.

All Appraisers and Tax Assessors/Collectors are required to be registered with the Texas Department of Licensing and Regulation (TDLR). The TDLR registration requires that each Appraiser must successfully complete a five-year educational program and pass a required number of course hours within a specified time. Additionally, all Appraisers must pass review exams at levels three and four of the certification programs. After successfully completing the required curriculum an Appraiser is awarded the designation of Registered Professional Appraiser (RPA). Tax Assessors/Collectors must register and follow a similar program for the Registered Texas Assessor (RTA) designation. To recertify the RPA and/or RTA certifications, there is a requirement of at least thirty hours of continuing education credit every twenty-four-month period before expiration of the registration. The Chief Appraiser has the RPA and CCA certifications. The WCAD Appraisal staff stays abreast of current trends affecting property through review of published materials, attendance at conferences, course work, seminars, and continuing education.

The Appraiser works on the property within the geographical area of WCAD. Appraisers are responsible for the discovery, listing and appraisal of all types of property within the area.

Philosophy Statement

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

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

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

Assumptions and Limiting Conditions

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

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

Single-Family Residences

Overview

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

Assumptions and Limiting Conditions

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

1. The Ward County Appraisal District's staff has physically inspected all single-family residences within its jurisdiction and normally re-inspects and/or conducts statistical studies on these properties annually. Interior inspections have not been done on a majority of the properties in the jurisdiction because (1) most residential owners are not at their residence during regular business hours, (2) permission to inspect is not always granted, (3) the safety of the Appraiser may be in question, and (4) respect for privacy rights of the property owner should be exercised.
2. The opinion of value for each single-family property applies to land and improvements only. The value of personal property of an owner has not been included with the value of the real estate. The only personal property that is valued as an improvement is a manufactured home where the owner of the home does not own the land. See Sec 11.14 (a) of the Texas Property Tax Code.
3. Residential real property inventory as defined by the Texas Property Tax code in Section 23.12 shall be considered as inventory and the market value shall be the price for which it would sell as a unit to a purchaser who would continue the business. (Jurisdictional Exception to Standard Rule 6-4 (b) of USPAP)

Data Collection and Validation

Two basic types of data are collected: data which is specific to each property and data which is indicative of a particular class of property that has been predefined by WCAD. Property-specific data is collected as part of the inspection process and through submission by the property owner. As part of the inspection process, the improvements are measured and classified. The appraiser also estimates the effective age and condition of the improvements. Any additional or unusual features are also noted at the time of the inspection. Data on individual properties is maintained on the appraisal card(s) for that property. Data on individual properties is verified through previously existing records, published reports, building permits, analysis of comparable properties, and through submission by the property owner. Appraisal cards are available for review at the Appraisal District Office.

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

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

Valuation Approach and Analysis

Improvements are appraised using replacement cost new less depreciation models. Replacement costs are estimated from published sources, other publicly available information, and comparable properties. Depreciation is calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence, and the experience of knowledgeable appraisers. Adjustments for functional and economic obsolescence may be made if diminished utility and comparable sales are found to justify such. A market data model based on typical selling prices per unit of area is also used when appropriate sales information is available.

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

Review and Testing

Field review of appraisal is performed through the regular inspection of subject properties. Ratio studies are performed and are the preferred method for measuring performance. The results of the performance measures used indicate the validity of the appraisal models used.

Performance is also measured through comparison with valid single-property appraisals submitted for staff review. Appraisal results are also tested annually by the Property Tax Assistance Division of the Texas Comptroller's Office (PTAD). Appraisal methods and procedures are also reviewed by the PTAD.

Multi-Family Properties

Overview

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

Assumptions and Limiting Conditions

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

1. For multi-family properties only, the market value stated is for land, improvements and the personal property common to the classification and economic area. The business personal property value is insignificant to the overall value.
2. The Ward County Appraisal District's staff has physically inspected all apartment complexes and duplex properties within its jurisdiction and normally re-inspects and/or conducts statistical studies on these properties annually.
3. For a multi-family property that is used to provide affordable housing the property is appraised to comply with the Texas Property Tax Code Section 23.22. (Jurisdictional Exception to Standard 6-2(d) of USPAP)

Data Collection and Validation

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

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

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

Sales data is taken from deed records, local real estate professionals, written appraisal reports, and telephone contact with principles. Sales are validated with the principles when possible. Sales data from properties is account-specific and retained electronically.

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

Investor surveys are reviewed and their requirements and expectations are considered, as are trends from previous surveys. A range of investor yield rates is selected, and a gradient scale is used in consideration of the neighborhood characteristics and comparative class of properties. Income models are built for classes and neighborhoods in which a sufficient amount of quality data exists. Where data is inadequate or inconsistent, models are interpolated.

Valuation Approach and Analysis

Based on the principal of substitution, land values are determined by selling prices for similarly positioned functional tracts. Sites are analyzed for highest and best use as though they were vacant. Highest and best use of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use

different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact.

A value per unit is charted and stratified by neighborhood and comparative class. A sales value per unit is also charted by neighborhood and comparative class for recent sales. Acceptable ranges of value are established for these comparative units. Preliminary property values are adjusted to meet with agreed ranges and then unique property considerations are addressed.

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

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

Duplex properties are appraised by market adjusted cost models. Property classifications are delineated and each classification's descriptive characteristics will be incorporated in new models and cost tables that are currently under construction. Sales ratio studies are generated for each neighborhood. Neighborhood adjustments are applied as necessary and individual properties are reviewed for reasonableness.

Review and Testing

Field review of appraisals is performed through the regular inspection of subject properties. Ratio studies are reviewed for level of appraisal (measurements of central tendency and dispersion), bias, and appropriateness of neighborhood boundaries. Results of the performance measures used indicate the validity of the appraisal models.

Preliminary values are reviewed in consideration of classification and neighborhood. Value indications are compared to renditions and valid single property appraisals submitted for staff review. The Appraiser reviews the submitted appraisal report to confirm and verifying data as would be done with a sale. Final value recommendations are tested for reasonableness by performing a sales ratio study and, individually, during the appeal process. During the appeal process, property specific income and expenses are reviewed for reasonableness and values are adjusted as necessary.

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

Commercial Property

Overview

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

Assumptions and Limiting Conditions

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

1. The opinion of value for each property applies to land and improvements only. The value of trade fixtures, furnishings and other equipment has not been included with the value of the real estate.
2. The Ward County Appraisal District's staff has physically inspected all properties within its jurisdiction and normally re-inspects and/or conducts statistical studies on these properties annually. Complete interior inspections have not been done on a majority of the properties.

Data Collection and Validation

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

Property-specific data is collected as part of the inspection process and through submission by the property owner. As part of the inspection process, the improvements are measured and classified. Properties are classified according to construction type and quality. The Appraiser also estimates the effective age and condition of the improvements. Any additional or unusual features are also noted at the time of the inspection. Data on individual properties is maintained on the appraisal card(s) for that property. The data includes legal description, situs, owner address, parcel number, and the property-specific information such as class, quality, measurements, condition, etc. Data on individual

properties is verified through previously existing records, published articles and reports, building permits, mechanic's liens, analysis of comparable properties, and through information obtained from the property owner. Appraisal cards are available for review at the Appraisal Office.

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

Market sales information is collected through surveys of buyers and sellers in addition to public records.

Valuation Approach and Analysis

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

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

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

Review and Testing

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

Although the ratio study is the preferred method of measuring performance, single property appraisals submitted to the Appraisal Staff are also reviewed for appraisal accuracy. Appraisal results are tested by the PTAD. Appraisal methods and procedures are also reviewed by the PTAD.

Ward County Appraisal District contracts with Pritchard and Abbott, Inc. for annual reappraisal of oil and gas properties, industrial personal property, and utilities.

Business Personal Property

Overview

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

Assumptions and Limiting Conditions

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

The Ward County Appraisal District's staff has physically inspected all properties within its jurisdiction and normally re-inspects and/or compares renditions and the Comptroller's list of active businesses report on these properties annually.

Data Collections and Validation

Data on new and existing businesses is collected through personal inspection, newspaper articles, government reports, comparisons to like businesses, renditions, and other confidential information supplied by the owner. Due to the multitude of personal property types, there is no standard data collections form or manual.

Valuation Approach and Analysis

Personal property as defined by the Uniform Standards of Professional Appraisal Practice is "identifiable, portable and tangible objects which are considered by the general public to be 'personal', e.g. furnishings, artwork, antiques, gems, jewelry, collectibles, machinery and equipment: all property that is not classified as real estate"... personal property that can be seen, weighed, measured, felt, or otherwise perceived by the senses but does not include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right and has negligible or no intrinsic value." The Texas Property Tax Code Section 1.04(4) defines personal property as "...property that is not real property."

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

1. Sec.23.12(f) allows some inventories to qualify for appraisal as of September 1 of the year before January 1 of the taxable year.
2. Sec.23.121,23.127,23.124I, and 23.12D dictate that dealers in new and used vehicles, vessels, outboard motors and trailers, manufactured housing, and heavy equipment be valued differently. (Jurisdictional Exception to Standard Rule 6-3 (b) & (c))
3. Sec.23.12(a) covers the inventories of remaining businesses.

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

Review and Testing

Field review of appraisals is performed through the inspection of subject properties.

Sales for most types of personal property are infrequent. Furthermore, many market transactions occur for multiple sites and include real and personal property, tangible and intangible, thereby making analysis difficult, subjective, and inadequate to develop a statistical analysis. Performance is measured through comparison of like businesses as well as applying quality and density models to units of comparison. Performance is also measured through comparison with valid single-property appraisals submitted for staff review. The appraiser considers the submitted appraisal report by confirming and verifying data as would be done with a sale. WCAD's appraisal methods and procedures and values are subject to review by the PTAD. The results of this review indicate the validity of the models and calibration techniques employed by WCAD.

Ward County Appraisal District contracts with Pritchard and Abbott, Inc. for the appraisal of some business personal property. They primarily appraise special purpose personal property that is subject to review by WCAD.

Pursuant to HB 1010, as of January 1, 2008 each appraisal district is responsible for appraising all property within the county boundaries.

Certification

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

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are the Appraisal staff's personal, unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, save and except the ownership of my personal residence and personal autos, and I have no personal interest or bias with respect to the parties involved.

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

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

I have not made a personal inspection of all properties that are the subject of this report.

"I, Norma Valdez, Chief Appraiser for the Ward County Appraisal District, solemnly swear that I have made or caused to be made a diligent inquiry to ascertain all property in the district subject to appraisal by me, and that I have included in the records all property that I am aware of at an appraised value which, to the best of my knowledge and belief, was determined as required by law."

Norma Valdez, RPA
Chief Appraiser

**Individuals Providing Significant
Mass Appraisal Assistance**

Norma Valdez, Chief Appraiser

Melissa Cobos, Deputy Appraiser

Dora Lopez, Appraiser Tech

Shane Marsh, Pritchard and Abbott

Mischia Kelley, Pritchard and Abbott

Mason Patterson, Pritchard and Abbott

Bryan Mathis, Pritchard and Abbott

Tyler Halfmann, Pritchard and Abbott

Garrett Mills, Pritchard and Abbott

Robert Longest, Pritchard and Abbott