Franklin County Appraisal District

Reappraisal Plan

2025 & 2026

Contents

INTRODUCTION

Scope of Responsibility

The Franklin County Appraisal District has prepared and published this reappraisal plan and appraisal report to provide our Board of Directors, citizens and taxpayers with a better understanding of the district's responsibilities and activities. This report has several parts: a general introduction and then, several sections describing the appraisal effort by the appraisal district.

The Franklin County Appraisal District (FCAD) is a political subdivision of the State of Texas created effective January 1, 1980. The provisions of the Texas Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A Board of Directors, appointed by the taxing units within the boundaries of Franklin County, constitutes the district's governing body. The chief appraiser, appointed by the Board of Directors, is the chief administrator and chief executive officer of the appraisal district.

The appraisal district is responsible for local property tax appraisal and exemption administration for nine (9) jurisdictions or taxing units in the county. Each taxing unit, such as the county, a city, school district, municipal utility district, etc., sets its own tax rate to generate revenue to pay for such things as police and fire protection, public schools, road and street maintenance, courts, water and sewer systems, and other public services. Property appraisals and estimated values by the appraisal district allocate the year's tax burden on the basis of each taxable property's market value. We also determine eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, charitable or religious organizations and agricultural productivity valuation.

The appraisal district is required to appraise all property in its district boundaries for the purpose of local property taxation at market value as of January 1 except as otherwise provided by Sec. 23 of the tax code. Various types of property exemptions are determined by the appraisal district office such as homestead exemptions, charitable or religious exemption, partial and absolute exemptions and agricultural productivity valuation.

Appraisals are generated with computer assisted mass appraisal programs using recognized appraisal techniques and methods. We compare our data to data gathered from recent cost guides and market sales data. The district follows the standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures, and subscribes to the standards known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable.

The Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec. 23.23), productivity (Sec. 23.41), real property inventory (Sec. 23.12), dealer inventory (Sec. 23.121, 23.124, 23.1241 and 23.127), nominal (Sec. 23.18) or restricted use properties (Sec. 23.83) and allocation of interstate property (Sec.

23.03). The owner of real property inventory may elect to have the inventory appraised at its market value as of September 1st of the year preceding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1st.

The purpose and requirement for the written reappraisal plan and periodic reappraisal resulted from the passage of S.B. 1652 which amended the Tax code as follows:

The Written Plan

According to Section 6.05 of the Tax Code subsection (i):

"To ensure adherence with generally accepted appraisal practices, the Board of directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time and place of the hearing. Not later than September 15, of each even numbered year, the board shall complete its hearings, make amendments, and by resolution finally approve the plan. Copies of the approved plan shall be distributed to the presiding officer of the governing body of each taxing unit participating in the district and to the comptroller within 60 days of the approval date."

The Plan for Periodic Reappraisal

Section 25.18 of the Tax code (a) and (b) implements the following:

(a) "Each appraisal office shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).

(b) The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every three years:

(1) Identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps and property sketches; (see also *Methods of Identifying Correct Property)*

(2) Identifying and updating relevant characteristics of each property in the appraisal records;

(3) Defining market areas in the district;

(4) Identifying property characteristics that affect property value in each market area

a. The location and market area of the property;

b. Physical attributes of the property such as size, age, and condition;

c. Legal and economic attributes; and

d. Easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;

(5) Developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determine the contribution of individual property characteristics;

(6) Applying the conclusions reflected in the model to the characteristics of the properties being appraised; and

(7) Reviewing the appraisal results to determine value.

Revaluation Decision Pertaining to Reappraisal Cycle

The Franklin County Appraisal District makes a determination as to the timing of all revaluation on an annual basis. This determination will dictate the reappraisal of all property located in the CAD or determine reappraisal of areas or categories of property located in the CAD such as certain subdivision, geographical areas, rural areas, commercial areas, residential, vacant lots, etc. The endorsement of the appraiser validates the action taken on each property re-appraisal. Any property found to not have been reappraised in the previous two years or in the above determination will be reappraised in 2025.

See attached map for anticipated reappraisal areas.

The reappraisal plan for Franklin County Appraisal District is to:

1. incorporate the application of proven and professionally acceptable techniques and procedures;
2. provide for the compilation of complete and accurate data and the processing of that data into an indication of value approximating the prices actually being paid in the market place;
3. provide the necessary standardization measures and quality controls essential to promoting and maintaining uniformity throughout the jurisdiction;
4. provide the appropriate production controls necessary to execute each phase of the operation in accordance with a carefully planned budget and work schedule, and
5. provide techniques especially designed to streamline each phase of the operation, eliminating functions, and reducing the complexities inherent in the appraisal process to more simplified but equally effective procedures.

The Texas Tax Code, under Sec. 25.18, requires each appraisal office to implement a plan to update appraised values for real property at least once every three years. The district's current policy is to conduct a general reappraisal of taxable property at least once every three (3) years. Appraised values are reviewed annually and are subject to change. Business personal properties, minerals, and utility properties are appraised every year.

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

A flexible timeline outlining the re-appraisal schedule and map are included in this report. The Franklin County

Appraisal District reserves the right to change or modify this schedule as needed.

Personnel Resources

The office of the Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling of district operations. The administration department's function is to plan, organize, direct and control the business support functions related to human resources, budget, finance, records management, purchasing, fixed assets, facilities and postal services. The appraisal department is responsible for the valuation of all real and personal property accounts. The property types appraised include commercial, residential, business personal, mineral, utilities, and industrial. The district's appraisers are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Department of Licensing and Regulations. Support functions including records maintenance, personnel in support services coordinate information and assistance to property owners, and assist during hearings.

The appraisal district staff consists of 6 full time and 1 part-time employees with the following classifications:

- Official/Administrator (executive level administration)
- Technicians (appraisers, program appraisers and network support)
- Administrative Support (professional, customer service, clerical and other)

Staff Education and Training

All personnel that are performing appraisal work are registered with the Department of Licensing and Regulations and are required to take appraisal courses to achieve the status of Registered Professional Appraiser within five years of employment as an appraiser. After they are awarded their license, continuing education credits must be completed during the 24-month period before the expiration of the license to earn the required 30 CE hours for Certified Appraisers (RPA). Failure to meet these minimum standards results in the termination of the employee.

Additionally, all appraisal personnel receive extensive training in data gathering processes including data entry used in fieldwork and statistical analyses of all types of property to ensure equality and uniformity of appraisal of all types of property. The Chief Appraiser delivers on-the-job training for new appraisers. The Chief Appraiser meets regularly with staff to introduce new procedures and regularly monitor appraisal activity to ensure that all personnel are following standardized appraisal procedures.

Data

The district is responsible for establishing and maintaining approximately **24,382** accounts (21,992 real & business personal property and 2,390 mineral/utility/industrial) covering 286 square miles within Franklin County. This data includes property characteristics, ownership, and exemption information. Property characteristic data on new construction is updated through an annual field effort; existing property data is maintained through a field review. Sales are routinely validated during a separate field effort; however, numerous sales are validated as part of the new construction and field inspections. General trends in employment, interest rates, new construction trends, cost and market data are acquired through various sources, including internally generated questionnaires to buyer and sellers, university research centers, and market data centers and vendors.

The district has a digital mapping system that maintains parcel maps and various layers of data and aerial photography. The district's website makes a broad range of information available for public access, including information on the appraisal process, property characteristics data, certified values, protests and appeal procedures.

Downloadable files of related tax information and district forms, including exemption applications and business personal property renditions are also available.

INFORMATION SYSTEMS

The Systems Administrator/Chief Appraiser manages and maintains the district's data processing facility and software applications. BIS, Inc. manages the CAD's Internet website, GIS mapping, and deed processing. The district operates from a cloud-based server. Pritchard & Abbott, Inc provides software services for appraisal applications and maintain the CAMA system with individual workstations, I-PADS and printers. The user base is networked through the server using a Windows Server and cloud link with Cama-Cloud for remote inspections.

INDEPENDENT PERFORMANCE TEST

According to Chapter 5 of the Texas Tax Code and Section 403.302 of the Texas Government Code, the State Comptroller's Property Tax Division (PTD) conducts an annual property value study (PVS) of each Texas school district and each appraisal district. As part of this annual study, the code requires the Comptroller to: use sales and recognized auditing and sampling techniques; test the validity of school district taxable values in each appraisal district and presume the appraisal roll values are correct when values are valid; and, determine the level and uniformity of property tax appraisal in each appraisal district. The methodology used in the property value study includes stratified samples to improve sample representativeness and techniques or procedures of measuring uniformity. This study utilizes statistical analyses of sold properties (sale ratio studies) and appraisals of unsold properties (appraisal ratio studies) as a basis for assessment ratio reporting. For appraisal districts, the reported measures include median level of appraisal, coefficient of dispersion (COD), the percentage of properties within 10% of the median, the percentage of properties within 25% of the median, and price-related differential (PRD) for properties overall and by state category.

The preliminary results of this study are released February 1 in the year following the year of appraisement. The final results of this study are certified to the Education Commissioner of the Texas Education Agency (TEA) the following July of each year. This outside (third party) ratio study provides additional assistance to the CAD in determining areas of market activity or changing market conditions.

Appraisal Activities

Appraisal Responsibilities

The field appraisal staff is responsible for collecting and maintaining property characteristic data for classification, valuation, and other purposes. Accurate valuation of real and personal property by any method requires a comprehensive physical description of personal property, land and building characteristics. This appraisal activity is responsible for administering, planning and coordinating all activities involving data collection and maintenance of all commercial, residential and personal property types located within the boundaries of Franklin County and the jurisdictions of this appraisal district. The data collection effort involves the field inspection of real and personal property accounts, as well as data entry of all data collected into the existing information system. The goal is to systematically field inspect residential, commercial, and personal properties in the district at least once every three years as required by the Texas Property Tax Code. The appraisal opinion of value for all property located in the district is reviewed and evaluated each year. Personal property is inspected every year to ensure the business is still open and to check on the amount of personal property is associated with the business.

Appraisal Resources

- **Personnel** – 4 Appraisers and a Private Appraisal Company conduct the appraisal activities, data collection, & filed inspections.
    - Chief Appraiser
    - Appraiser lead
    - Field Appraiser & Ag/Timber Appraiser
    - Field Appraiser & Business Personal Property Appraiser

- **Data** - The data used by field appraisers includes the existing property characteristic information contained in CAMA (Computer Assisted Mass Appraisal System) from the district's computer system. The data is printed on an virtual appraisal card & a GIS Map. Other data used includes deeds, aerial photographs, land-based photographs, surveys, and property sketches, maps, sales data, fire and damage reports, building permits, photographs of existing improvements, easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions and actual cost and market information. Sources of information are gathered using excellent reciprocal relationships with other participants in the real estate market place. The district cultivates sources and gathers information from both buyers, sellers, & MLS participating in the real estate market. See attachment for list of required characteristics. Also, if any other characteristics are found when the appraiser is working the area, it will be added to the property record and considered in the value of the property.

Appraisal Frequency and Method Summary

- **Residential Property**- Residential property is physically examined at least once every three years with appraisers walking in front of each home, noting condition of the improvement and looking for changes that might have occurred to the property since the last on-site check. In some subdivisions where change of condition is frequent, homes are examined annually. Exterior pictures are taken of homes to ensure accuracy and on an as needed basis should a change in the structure occur. Every subdivision is statistically analyzed annually to ensure that sales that have occurred in the subdivision during the past 12 months are within a +-3% range of appraised value. If the sales do not indicate that range, adjustments are made to the subdivision using a process outlined in detail in the Residential Appraisal section of this report.
- **Commercial Property**- Commercial and industrial real estate is observed annually to verify class and condition. Pritchard & Abbott, Inc. is retained by Franklin CAD to appraise Industrial properties. The inspection occurs as Business Personal Property appraisers are checking BPP accounts. Pictures are taken of the improvements when first appraised and when a change is detected during an onsite inspection. Real estate accounts are analyzed against sales of similar properties in Franklin CAD as well as similar communities in East Texas that have similar economies.
- **Business Personal Property**- Business personal property is observed annually with the appraiser actually going into businesses to develop quality and density observations. A rendition is left for new businesses to complete and the appraiser discusses the benefits and legality of rendering with the owner. Similar businesses to a subject are analyzed annually to determine consistency of appraisal per square foot. Rendition laws provide additional information on which to base values of all BPP accounts.
- **Minerals**- Working and royalty interests of producing oil and gas wells are appraised annually by Pritchard & Abbott, Inc. The most recent production data available from the Texas Railroad Commission is downloaded into appraisal software that estimates economically recoverable reserves. Those reserves are then valued based upon State mandated pricing using the previous year's average of oil or gas values. A discount is applied over the anticipated life of the well in order to consider the value of money over time to recover those reserves. Each producing lease is valued as a unit and then that value is divided according to the various owners of the lease listed in division orders.
- **Utilities and Pipelines** - Utility companies and pipelines are appraised annually by the Pritchard & Abbott, Inc. using a unit value developed using all three approaches to value. For example, a utility company's total value in the State is estimated using cost, market, and income approaches to value and then the entire value is allocated using the components of that utility company that have situs in the various tax units of Franklin CAD. Components include such things as miles of transmission lines, miles of distribution lines, substations and the like for an electric utility.

PRELIMINARY ANALYSIS

Data Collection/Validation

Data collection of real property involves maintaining data characteristics of the property on CAMA. The information contained in CAMA includes site characteristics, such as land size and topography, and improvement data, such as square foot of living area, year built, quality of construction, condition, and a photograph of the existing structures. Field appraisers are required to use a property classification system that establishes uniform procedures for the correct listing of real property. All properties are coded according to a classification system. The approaches to

value are structured and calibrated based on this coding system and property description and characteristics. The field appraisers use property classification references during their initial training and as a guide in the field inspection of properties. Data collection for personal property involves maintaining information on software designed to record and appraise business personal property. The type of information contained in the BPP file includes personal property such as business inventory, furniture and fixtures, machinery and equipment, with details such as cost and location. The field appraisers conducting on-site inspections use a personal property classification system during their initial training, and as a guide to correctly list all personal property that is taxable. The listing procedure utilized by the field appraisers is available in the district offices. Appraisers periodically update the classification system.

Sources of Data

The sources of data collection are through property inspection, new construction field effort, data review/relist field effort, data mailer questionnaires, hearings, sales validation field effort, commercial sales verification and field effort, newspapers and publications, and property owner correspondence by mail or via the Internet. A principal source of data comes from building permits received from taxing jurisdictions that require property owners to take out a building permit. Building permits are received and matched manually with the property's tax account number for data entry. Area and regional real estate brokers and managers are sources of market and property information. Data surveys of property owners requesting market information and property description information is also valuable data. Soil surveys and agricultural surveys of farming and ranching property owners and industry professionals are helpful for productivity value calibration. The Texas Railroad Commission is the source for mineral production data and leasing information. Improvement cost information is gathered from local building contractors and Marshall and Swift Valuation Service. Various income and rental surveys are performed by interviewing property managers and operators to determine operating income and expenses for investment and income producing real property.

Data review of entire neighborhoods is generally a good source for data collection. Appraisers walk entire neighborhoods to review the accuracy of our data and identify properties that have to be relisted. The sales validation effort in real property pertains to the collection of market data for properties that have sold. In residential, the sales validation effort involves on-site inspection by field appraisers to verify the accuracy of the property characteristics and confirmation of the sales price. In commercial, the commercial sales group is responsible for contacting sales participants to confirm sales prices and to verify pertinent data.

Property owners are one of the best sources for identifying incorrect data that generates a field check. Frequently, the property owner provides reliable data to allow correction of records without having to send an appraiser on-site. As the district has increased the amount of information available on the Internet, property owners have the opportunity to review information on their property and forward corrections via e-mail. A new law passed by the Texas Legislature in 2005 calls for less data to be available on the Internet; however, a taxpayer may contact the district to obtain the information on his or her property to ascertain if it is correct. Property owners can contact the district with information about inaccurate data. Properties identified in this manner are added to a work file and inspected at the earliest opportunity. Accuracy and validity in property descriptions and characteristics data is the highest goal and is stressed throughout the appraisal process from year to year. Appraisal opinion quality and validity relies on data accuracy as its foundation.

Data Collection Procedures

The quality of the data used is extremely important in estimating market values of taxable property. While work performance standards are established and upheld for the various field activities, quality of data is emphasized as the goal and responsibility of each appraiser. New appraisers are trained in the specifics of data collection and the classification system set forth and recognized as "rules" to follow. Experienced appraisers are routinely re-trained in listing procedures prior to major field projects such as new construction, sales validation or data review. A quality assurance process exists through supervisory review of the work being performed by the field appraisers. Quality

assurance supervision is charged with the responsibility of ensuring that appraisers follow listing procedures, identify training issues and provide uniform training throughout the field appraisal staff.

Data Maintenance

The field appraiser is responsible for the data entry of his/her fieldwork into the computer file. This responsibility includes not only data entry, but also quality assurance. The majority of the data collected in the field is input by the field appraiser. Data updates and file modification for property descriptions and input accuracy is conducted as the responsibility of the field appraiser and Chief Appraiser.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of last inspection and the CAD appraiser responsible are listed on the CAMA record or property appraisal card. If a property owner or jurisdiction disputes the district's records concerning this data during a hearing, via a telephone call or other correspondence received, the record may be corrected based on the evidence provided or an on-site inspection may be conducted. Typically, a field inspection is requested to verify this information for the current year's valuation or for the next year's valuation. Every year a field review of real property located in certain areas or neighborhoods in the jurisdiction is done during the data review/re-list field effort. A field review is performed on all personal property accounts, with available situs, each year.

Office Review

Office reviews are completed on properties where update information has been received from the owner of the property and is considered accurate and correct. Photos provided by owner may verify some property characteristics or current condition of the property. Reviews using Pictometry™ and Google Earth™ are also carried out. When the property data is verified in this manner, and considered accurate and correct, field inspections may not be required.

Performance Test

The Chief Appraiser is responsible for conducting ratio studies and comparative analysis. Ratio studies are conducted on property located within certain neighborhoods or districts by appraisal staff. The sale ratio and comparative analysis of sale property to appraised property forms the basis for determining the level of appraisal and market influences and factors for the neighborhood. This information is the basis for updating property valuation for the entire area of property to be evaluated. Property inspections may be performed to discover if property characteristics had changed as of the sale date or subsequent to the sale date. Sale ratios should be based on the value of the property as of the date of sale not after a subsequent or substantial change was made to the property after the negotiation and agreement in price was concluded. Properly performed ratio studies are a good reflection of the level of appraisal for the district.

PROBLEMATIC AREAS

Real property market areas will be reviewed using sales ratio studies by property classification, neighborhood code, and building type/class. These areas are tested for: low or high protest volumes, low or high ratios (properties with sales ratios +/- 10% are reviewed to determine accuracy of CAD records); or high coefficient of dispersion (CAD tries to maintain a COD of 10% or less for residential urban properties and a COD of 20% or less for rural properties). Market areas that fail the Sales Ratio test, the COD test, or have high levels of protest are determined to be problematic. Field reviews are scheduled to verify and update property characteristics and data. Additional sales data in these areas will be reviewed and verified. In the absence of adequate market sales information, neighborhood delineation is verified and neighborhood economic factors will be updated using sales of similar properties in close or adjoining neighborhoods.
Market areas for Franklin CAD are by city, neighborhood, subdivision, school district, Lake Cypress Springs, Lake Bob Sandlin, or county-wide. All like classed houses are analyzed for correct land & building cost schedules. Then are further analyzed to see if certain neighborhoods or school districts are seeing higher than normal sales for like classed houses.

Residential Valuation Process

Scope of Responsibility
The residential appraisers are responsible for estimating equal and uniform market values for residential improved and vacant property. There are approximately 6,200 residential improved single and multiple family parcels in Franklin County.

Appraisal Resources

- **Personnel -** The residential appraisal staff consists of the Chief Appraiser and two (3) appraisers. The following appraisers are responsible for estimating the market value of residential property:

    - Russell McCurdy, RPA, RTA - Chief Appraiser
    - Billy Dyson, RPA
    - Josh Drupp, Appraiser level 2
    - Audrey Weatherford, Appraiser level 1

- **Data** - An individualized set of data characteristics for each residential dwelling and multiple family units in this district are collected in the field and data entered to the computer. The property characteristic data drives the application of computer-assisted mass appraisal (CAMA) under the Cost, Market, and Income Approaches to property valuation.

Market Areas

Franklin County has 6 generally defined market areas. The breakdown is as follows:

North of I-30: Primarily large acre tracts with and without residences. Most common usage is for agriculture purposes and/or timber production. There is a mixture of hay production, cattle production and timber production.

South of I-30: Various sizes of land tracts with and without residences. Largely used for hay, cattle, and timber production. Sub-surface water is more readily available than north of I-30.

City of Mt. Vernon: Majority residential with limited commercial

City of Winnsboro: Mainly residential with the majority of Winnsboro being in Wood County.

Lake Cypress Subdivisions and Lake Bob Sandlin Subdivisions: Well, developed residential areas with a large portion of high-value homes on water-front property. Little to no vacant waterfront properties available. Significant amount of home remodels occurs in this area. Most new improvements include the addition and/or remodel of boat houses. Market is very active in these areas.

VALUATION APPROACH

Land Analysis

Residential land valuation analysis is conducted prior to neighborhood sales analysis. The value of the land component to the property is estimated based on available market sales for comparable and competing land under similar usage. A comparison and analysis of comparable land sales is conducted based on a comparison of land characteristics found to influence the market price of land located in the neighborhood. A computerized land table file stores the land information required to consistently value individual parcels within neighborhoods given known land characteristics. Specific land influences are considered, where necessary, and depending on neighborhood and individual lot or tract characteristics, to adjust parcels outside the neighborhood norm for such factors as access, view, shape, size, and topography. The appraisers use abstraction and allocation methods to insure that estimated land values best reflect the contributory market value of the land to the overall property value.

Area Analysis

Data on regional economic forces such as demographic patterns, regional locational factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs are collected from private vendors and public sources and provide the field appraiser a current economic outlook on the real estate market. Information is gleaned from real estate publications and sources such as continuing education in the form of IAAO and TDLR classes.

Neighborhood and Market Analysis

Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. Residential valuation and neighborhood analysis is conducted on various market areas within each of the political entities known as Independent School Districts (ISD). Analysis of comparable market sales forms the basis of estimating market activity and the level of supply and demand affecting market prices for any given market area, neighborhood or district. Market sales indicate the effects of these market forces and are interpreted by the appraiser into an indication of market price ranges and indications of property component change considering a given time period relative to the date of appraisal. Cost and Market Approaches to estimate value are the basic techniques utilized to interpret these sales. For multiple family properties the Income Approach to value may also be utilized to estimate an opinion of value for investment level residential property.

The first step in neighborhood analysis is the identification of a group of properties that share certain common traits. A "neighborhood" for analysis purposes is defined as the largest geographic grouping of properties where the property's physical, economic, governmental and social forces are generally similar and uniform. Geographic stratification accommodates the local supply and demand factors that vary across a jurisdiction. Once a neighborhood with similar characteristics has been identified, the next step is to define its boundaries. This process is known as "delineation". Some factors used in neighborhood delineation include location, sales price range, lot size, age of dwelling, quality of construction and condition of dwellings, square footage of living area, and story height. Delineation can involve the physical drawing of neighborhood boundary lines on a map, but it can also involve statistical separation or stratification based on attribute analysis. Part of neighborhood analysis is the consideration of

discernible patterns of growth that influence a neighborhood's individual market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as being in a stage of growth, stability or decline. The growth period is a time of development and construction. As new neighborhoods in a community are developed, they compete with existing neighborhoods. An added supply of new homes tends to induce population shift from older homes to newer homes. In the period of stability, or equilibrium, the forces of supply and demand are about equal. Generally, in the stage of equilibrium, older neighborhoods can be more desirable due to their stability of residential character and proximity to the workplace and other community facilities. The period of decline reflects diminishing demand or desirability. During decline, general property use may change from residential to a mix of residential and commercial uses. Declining neighborhoods may also experience renewal, reorganization, rebuilding, or restoration, which promotes increased demand and economic desirability.

Neighborhood identification and delineation is the cornerstone of the residential valuation system at the district. All the residential analysis work done in association with the residential valuation process is neighborhood specific. Neighborhoods are field inspected and delineated based on observable aspects of homogeneity. Neighborhood delineation is periodically reviewed to determine if further neighborhood delineation is warranted. Whereas neighborhoods involve similar properties in the same location, a neighborhood group is simply defined as similar neighborhoods in similar locations. Each residential neighborhood is assigned to a neighborhood group based on observable aspects of homogeneity between neighborhoods. Neighborhood grouping is highly beneficial in cost-derived areas of limited or no sales, or use in direct sales comparison analysis. Neighborhood groups, or clustered neighborhoods, increase the available market data by linking comparable properties outside a given neighborhood. Sales ratio analysis, discussed below, is performed on a neighborhood basis, and in soft sale areas on a neighborhood group basis. See appendix for definition of market areas.

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of residential property is normally its current use. This is due in part to the fact that residential development, in many areas, through use of deed restrictions and zoning, precludes other land uses. Residential valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In transition areas with ongoing gentrification, the appraiser reviews the existing residential property use and makes a determination regarding highest and best use. Once the conclusion is made that the highest and best use remains residential, further highest and best use analysis is done to decide the type of residential use on a neighborhood basis. As an example, it may be determined in a transition area that older, non-remodeled homes are economically obsolete, and the highest and best use of such property is the construction of new dwellings. In areas of mixed residential and commercial use, the appraiser reviews properties in these areas on a periodic basis to determine if changes in the real estate market require reassessment of the highest and best use of a select population of properties.

VALUATION AND STATISTICAL ANALYSIS (Model Calibration)

Cost Schedules

All residential parcels in the district are valued with a replacement cost estimated from cost schedules based on the improvement classification system using a comparative unit method. The district's residential cost schedules are estimated from Marshall and Swift, a nationally recognized cost estimator service and modified using market sales information. These cost estimates are compared with sales of new improvements and evaluated from year to year and indexed to reflect the local residential building and labor market. Costs may also be indexed for neighborhood factors and influences that affect the total replacement cost of the improvements in a smaller market area based on

evidence taken from a sample of market sales. The cost schedules are reviewed regularly as a result of recent state legislation requiring that the appraisal district cost schedules be within a range of plus or minus 10% from nationally recognized cost schedules.

A review of the residential cost schedule is performed annually. As part of this review and evaluation process of the estimated replacement cost, newly constructed sold properties representing various levels of quality of construction in district are considered. The property data characteristics of these properties are verified and photographs are taken of the samples. CAD replacement costs are compared against Marshall & Swift, a nationally recognized cost estimator, and the indicated replacement cost abstracted from these market sales of comparably improved structures. The results of this comparison are analyzed using statistical measures, including stratification by quality and reviewing of estimated building costs plus land to sales prices. As a result of this analysis, a new market multiplier or economic index factor and indications of neighborhood economic factors are developed for use in the district's cost process. This new market multiplier is estimated and used to adjust the district's cost schedule to be in compliance with local building costs as reflected by the local market, and local cost information.

Sales Information

A sales file for the storage of "snapshot" sales data at the time of sale is maintained for real property. Residential vacant land sales, along with commercial improved and vacant land sales are maintained in a sales information system. Residential improved and vacant sales are collected from a variety of sources, including: district questionnaires sent to buyer and seller, field discovery, protest hearings, Board of Realtor's MLS, various sale vendors, builders, and realtors. A system of type, source, validity and verification codes has been established to define salient facts related to a property's purchase or transfer and to help determine relevant market sale prices. The effect of time as an influence on price was considered by paired comparison and applied in the ratio study to the sales as indicated within each neighborhood area. Neighborhood sales reports are generated as an analysis tool for the appraiser in the development and estimation of market price ranges and property component value estimates. Abstraction and allocation of property components based on sales of similar property is an important analysis tool to interpret market sales under the cost and market approaches to value. These analysis tools help determine and estimate the effects of change, with regard to price, as indicated by sale prices for similar property within the current market.

Monthly time adjustments are estimated based on comparative analysis using paired comparison of sold property when available. Sales of the same property were considered and analyzed for any indication of price change attributed to a time change or influence. Property characteristics, financing, and conditions of sale were compared for each property sold in the pairing of property to isolate only the time factor as an influence on price.

Statistical Analysis

The residential valuation appraisers perform statistical analysis annually to evaluate whether estimated values are equitable and consistent with the market. Ratio studies are conducted on each of the residential valuation neighborhoods in the district to judge the two primary aspects of mass appraisal accuracy--level and uniformity of value. Appraisal statistics of central tendency generated from sales ratios are evaluated and analyzed for each neighborhood. The level of appraised values is determined by the weighted mean ratio for sales of individual properties within a neighborhood, and a comparison of neighborhood weighted means reflect the general level of appraised value between comparable neighborhoods.

The appraiser, through the sales ratio analysis process, reviews each neighborhood annually. The first phase involves neighborhood ratio studies that compare the recent sales prices of neighborhood properties to the appraised values of these sold properties. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the sales. The appraiser, based on the sales ratio statistics and

designated parameters for valuation update, makes a preliminary decision as to whether the value level in a neighborhood needs to be updated or whether the level of market value in a neighborhood is at an acceptable level.

Market and Cost Reconciliation and Valuation

Neighborhood analysis of market sales to achieve an acceptable sale ratio or level of appraisal is also the reconciliation of the market and cost approaches to valuation. Market factors are developed from appraisal statistics provided from market analyses and ratio studies and are used to ensure that estimated values are consistent with the market and to reconcile cost indicators. The district's primary approach to the valuation of residential properties uses a hybrid cost-sales comparison approach. This type of approach accounts for neighborhood market influences not particularly specified in a purely cost model.

The following equation denotes the hybrid model used:

$$MV = LV + (RCN – AD)$$

Whereas, in accordance with the cost approach, the estimated market value (MV) of the property equals the land value (LV) plus the replacement cost new of property improvements (RCN) less accrued depreciation (AD). As the cost approach separately estimates both land and building contributory values and uses depreciated replacement costs, which reflect only the supply side of the market, it is expected that adjustments to the cost values may be needed to bring the level of appraisal to an acceptable standard as indicated by market sales. Thus, demand side economic factors and influences may be observed and considered. These market, or location adjustments, may be abstracted and applied uniformly within neighborhoods to account for locational variances between market areas or across a jurisdiction. Whereas, in accordance with the Market Approach, the estimated market value (MV) of the property equals the basic unit of property, under comparison, times the market price range per unit for sales of comparable property. For residential property, the unit of comparison is typically the price per square foot of living area or the price indicated for the improvement contribution. This analysis for the hybrid model is based on both the cost and market approaches as a correlation of indications of property valuation. A significant unknown for these two indications of value is determined to be the rate of change for the improvement contribution to total property value. The measure of change for this property component can best be reflected and based in the annualized accrued depreciation rate. This cost related factor is most appropriately measured by sales of similar property. The market approach, when improvements are abstracted from the sale price, indicates the depreciated value of the improvement component, in effect, measuring changes in accrued depreciation, a cost factor. The level of improvement contribution to the property is measured by abstraction of comparable market sales, which is the property sale price less land value. The primary unknown for the cost approach is to accurately measure accrued depreciation affecting the amount of loss attributed to the improvements as age increases and condition changes. This evaluation of cost results in the depreciated value of the improvement component based on age and condition. The evaluation of this market and cost information is the basis of reconciliation and indication of property valuation under this hybrid model.

When the appraiser reviews a neighborhood, the appraiser reviews and evaluates a ratio study that compares recent sales prices of properties, appropriately adjusted for the effects of time, within a delineated neighborhood, with the value of the properties' based on the estimated depreciated replacement cost of improvements plus land value. The calculated ratio derived from the sum of the sold properties' estimated value divided by the sum of the time adjusted sales prices indicates the neighborhood level of appraisal based on sold properties. This ratio is compared to the acceptable appraisal ratio, 95% to 105%, to determine the level of appraisal for each neighborhood. If the level of appraisal for the neighborhood is outside the acceptable range of ratios, adjustments to the neighborhood are made.

If reappraisal of the neighborhood is indicated, the appraiser analyzes available market sales, appropriately adjusted for the apparent effects of time, by market abstraction of property components. This abstraction of property components allows the appraiser to focus on the rate of change for the improvement contribution to the property by

providing a basis for calculating accrued depreciation attributed to the improvement component. This impact on value is usually the most significant factor affecting property value and the most important unknown to determine by market analysis. Abstraction of the improvement component from the adjusted sale price for a property indicates the effect of overall market suggested influences and factors on the price of improvements that were a part of this property, recently sold. Comparing this indicated price or value allocation for the improvement with the estimated replacement cost new of the improvement indicates any loss in value due to accrued forms of physical, functional, or economic obsolescence. This is a market driven measure of accrued depreciation and results in a true and relevant measure of improvement marketability, particularly when based on multiple sales that indicate the trending of this rate of change over certain classes of improvements within certain neighborhoods. Based on this market analysis, the appraiser estimates the annual rate of depreciation for given improvement descriptions considering age and observed condition. Once estimated, the appraiser recalculates the improvement value of all property within the sale sample to consider and review the effects on the neighborhood sale ratio. After an acceptable level of appraisal is achieved within the sale sample, the entire neighborhood of property is recalculated utilizing the indicated depreciation rates taken from market sales. This depreciation factor is the basis for trending all improvement values and when combined with any other site improvements and land value, brings the estimated property value through the cost approach closer to actual market prices as evidenced by recent sale prices available within a given neighborhood. Therefore, based on analysis of recent sales located within a given neighborhood, estimated property values will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The estimated property values calculated for each update neighborhood are based on market indicated factors applied uniformly to all properties within a neighborhood. Finally, with all the market-trend factors applied, a final ratio study is generated that compares recent sale prices with the proposed appraised values for these sold properties. From this set of ratio studies, the appraiser judges the appraisal level and uniformity in both update and non-update neighborhoods and verifies appraised values against overall trends as exhibited by the local market, and finally, for the school district as a whole.

TREATMENT OF RESIDENCE HOMESTEADS

Beginning in 1998, the State of Texas implemented a constitutional classification scheme concerning the appraisal of residential property that receives a residence homestead exemption. Under that law, beginning in the second year a property receives a homestead exemption; increases in the assessed value of that property are "capped." The value for tax purposes (assessed value) of a qualified residence homestead will be the LESSER of:

- the market value; or
- the preceding year's appraised value;

  PLUS 10 percent for each year since the property was re-appraised;

  PLUS the value of any improvements added since the last re-appraisal.

Assessed values of capped properties must be recomputed annually. If a capped property sells, the cap automatically expires as of January 1st of the year following sale of the property and the property is appraised at its market value. An analogous provision applies to new homes. While a developer owns them, unoccupied residences may be partially complete and appraised as part of an inventory. This valuation is estimated using the district's land value and the percentage of completion for the improvement contribution that usually is similar to the developer's construction costs as a basis of completion on the valuation date. However, in the year following changes in completion, occupancy, or sale, they are appraised at market value.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The appraiser identifies individual properties in critical need of field review through sales ratio analysis. Sold properties are field reviewed on a monthly and periodic basis to check for accuracy of data characteristics.

As the district's parcel count has increased through new home construction, and the homes constructed in the boom years of the late 90's and early 2000-2006 experience remodeling, the appraisers are required to perform the field activity associated with transitioning and high demand neighborhoods. Increased sales activity has also resulted in a more substantial field effort on the part of the appraisers to review and resolve sales outliers. Additionally, the appraiser frequently field reviews subjective data items such as quality of construction, condition, and physical, functional and economic obsolescence, factors contributing significantly to the market value of the property. After preliminary estimates of value have been determined in targeted areas, the appraiser takes valuation documents to the field to test the computer-assisted values against his own appraisal judgment. During this review, the appraiser is able to physically inspect both sold properties and unsold properties for comparability and consistency of values.

Office Review

Once field review is completed, the appraiser conducts a routine valuation review of all properties as outlined in the discussion of ratio studies and market analysis. Valuation reports comparing previous values against proposed and final values are generated for all residential improved and vacant properties. The percentage of value difference are noted for each property within a delineated neighborhood allowing the appraiser to identify, research and resolve value anomalies before final appraised values are released. Previous values resulting from a hearing protest are individually reviewed to determine if the value remains appropriate for the current year.

Once the appraiser is satisfied with the level and uniformity of value for each neighborhood within his area of responsibility, the estimates of value go to noticing.

PERFORMANCE TESTS

Sales Ratio Studies

The primary analytical tool used by the appraisers to measure and improve performance is the ratio study. The district ensures that the appraised values that it produces meet the standards of accuracy in several ways. Overall sales ratios are generated for each neighborhood to allow the appraiser to review general market trends within their area of responsibility, and provide an indication of market appreciation over a specified period of time. The PC-based ratio studies are designed to emulate the findings of the state comptroller’s annual property value study for category “A” property.

Management Review Process

Once the proposed value estimates are finalized, the appraiser reviews the sales ratios by neighborhood and presents pertinent valuation data, such as weighted sales ratio and pricing trends, to the Chief Appraiser for final review and approval. This review includes comparison of level of value between related neighborhoods within and across jurisdiction lines. The primary objective of this review is to ensure that the proposed values have met preset appraisal guidelines appropriate for the tax year in question.

Commercial and Industrial Property Valuation Process

INTRODUCTION

Appraisal Responsibility

This mass appraisal assignment includes all of the commercially described real property which falls within the responsibility of the commercial valuation appraisers of the Franklin County Appraisal District and located within the boundaries of this taxing jurisdiction. Commercial appraisers appraise the fee simple interest of properties according to statute and court decisions. However, the effect of easements, restrictions, encumbrances, leases, contracts or special assessments are considered on an individual basis, as is the appraisement of any non-exempt taxable fractional interests in real property (i.e. certain multi-family housing projects). Fractional interests or partial holdings of real property are appraised in fee simple for the whole property and divided programmatically based on their prorated interests.

Appraisal Resources

- **Personnel** - The improved real property appraisal responsibilities are categorized according to major property types of multi-family or apartment, office, retail, warehouse and special use (i.e. hotels, hospitals and, nursing homes).

  The following appraiser is responsible for estimating the market value of commercial and industrial property:

  Russell McCurdy, RPA - Chief Appraiser

  Billy Dyson, RPA Appraiser

  Pritchard & Abbott, Inc. is hired to perform Industrial appraisals.

- **Data** - The data used by the commercial appraisers includes verified sales of vacant land and improved properties and the pertinent data obtained from each (sales price levels, capitalization rates, income multipliers, equity dividend rates, marketing period, etc.). Other data used by the appraisers includes actual income and expense data (typically obtained through the hearings process), actual contract rental data, leasing information (commissions, tenant finish, length of terms, etc.), and actual construction cost data. In addition to the actual data obtained from specific properties, market data publications are also reviewed to provide additional support for market trends.

PRELIMINARY ANALYSIS

Market Study

Market studies are utilized to test new or existing procedures or valuation modifications in a limited sample of properties located in the district and are also considered and become the basis of updating whenever substantial changes in valuation are made. These studies target certain types of improved property to evaluate current market prices for rents and for sales of commercial and industrial real property. These comparable sale studies and ratio

studies reveal whether the valuation system is producing accurate and reliable value estimates or whether procedural and economic modifications are required. The appraiser implements this methodology when developing cost approach, market approach, and income approach models.

VALUATION APPROACH

Land Value

Commercial land is analyzed annually to compare appraised values with recent sales of land in the market area. If appraised values differ from sales prices being paid, adjustments are made to all land in that region. Generally, commercial property is appraised on a price per square foot basis. Factors are placed on individual properties based on corner influence, depth of site, shape of site, easements across site, and other factors that may influence value. The land is valued as though vacant at the highest and best use.

Neighborhood Analysis

The neighborhood and market areas are comprised of the land area and commercially classed properties located within the boundaries of this appraisal jurisdiction. These areas consist of a wide variety of property types including multiple-family residential, commercial and industrial. Neighborhood and area analysis involves the examination of how physical, economic, governmental and social forces and other influences may affect property values within subgroups of property locations. The effects of these forces are also used to identify, classify, and organize comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. In the mass appraisal of commercial and industrial properties these subsets of a universe of properties are generally referred to as market areas, neighborhoods, or economic areas.

Highest and Best Use Analysis

The highest and best use is the most reasonable and probable use that generates the highest net to land and present value of the real estate as of the date of valuation. The highest and best use of any given property must be physically possible, legally permissible, financially feasible, and maximally productive. For improved properties, highest and best use is evaluated as improved and as if the site were still vacant. This perspective assists in determining if the existing improvements have a transitional use, interim use, nonconforming use, multiple uses, speculative use, is excess land, or a different optimum use if the site were vacant. For vacant tracts of land within this jurisdiction, the highest and best use is considered speculative based on the surrounding land uses. Improved properties reflect a wide variety of highest and best uses which include, but are not limited to: office, retail, apartment, warehouse, light industrial, special purpose, or interim uses. In many instances, the property's current use is the same as its highest and best use. This analysis ensures that an accurate estimate of market value (sometimes referred to as value in exchange) is derived.

On the other hand, value in use represents the value of a property to a specific user for a specific purpose. This perspective for value may be significantly different than market value, which approximates market price under the following assumptions: (i) no coercion of undue influence over the buyer or seller in an attempt to force the purchase or sale, (ii) well-informed buyers and sellers acting in their own best interests, (iii) a reasonable time for the transaction to take place, and (iv) payment in cash or its equivalent.

Market Analysis

A market analysis relates directly to examining market forces affecting supply and demand. This study involves the relationships between social, economic, environmental, governmental, and site conditions. Current market activity including sales of commercial properties, new construction, new leases, lease rates, absorption rates, vacancies, allowable expenses (inclusive of replacement reserves), expense ratio trends, capitalization rate studies are analyzed to determine market ranges in price, operating costs and investment return expectations.

DATA COLLECTION / VALIDATION

Data Collection Manuals

Data collection and documentation for Commercial/Industrial property is continually updated, providing a uniform system of itemizing the multitude of components comprising improved properties. All properties located in Franklin CAD's inventory are coded according to a specific classification system and the approaches to value are structured and calibrated based on this coding system.

Sources of Data

In terms of commercial sales data, Franklin CAD receives a copy of the deeds recorded in Franklin County that convey properties. These deeds involving a change in ownership are entered into the sales information system and researched in an attempt to obtain the pertinent sale information. Other sources of sale data include the protest hearings process and local, regional and national real estate and financial publications.

The initial step in sales verification involves a computer-generated questionnaire, which is mailed to both parties in the transaction (Grantor and Grantee). If a questionnaire is answered and returned, the documented responses are recorded into the computerized sales database system. If no information is provided, verification of transactions is then attempted through other venues. Other sources contacted are the brokers involved in the sale, property managers or commercial vendors. In other instances, sales verification is obtained from local appraisers or others that may have the desired information. Finally, closing statements are often provided during the hearings process. The actual closing statement is the most reliable and preferred method of sales verification.

Valuation Analysis

Model calibration involves the process of periodically adjusting the mass appraisal formulae, tables and schedules to reflect current local market conditions. Once the models have undergone the specification process, adjustments can be made to reflect new construction procedures, materials and/or costs, which can vary from year to year. The basic structure of a mass appraisal model can be valid over an extended period of time, with trending factors utilized for updating the data to the current market conditions. However, at some point, if the adjustment process becomes too involved, the model calibration technique can mandate new model specifications or a revised model structure.

Cost Schedules

The cost approach to value is applied to improved real property utilizing the comparative unit method. This methodology involves the utilization of national cost data reporting services as well as actual cost information on local comparable properties whenever possible. Cost models are typically developed based on the Marshall Valuation Service which indicate estimated hard or direct costs of various improvement types. Cost models include the derivation of replacement cost new (RCN) of all improvements represented within the district. These include comparative base rates, per unit adjustments and lump sum adjustments for variations in property description, design, and types of improvement construction. This approach and analysis also employ the sales comparison approach in the evaluation of soft or indirect costs of construction. Evaluating market sales of newly developed improved property is an important part of understanding total replacement cost of improvements. What total costs may be involved in the development of the property, as well as any portion of cost attributed to entrepreneurial profit can only be revealed by market analysis of pricing acceptance levels. In addition, market related land valuation for the underlying land value is important in understanding and analyzing improved sales for all development costs and for the abstraction of improvement costs for construction and development. Time and location modifiers are necessary to adjust cost data to reflect conditions in a specific market and changes in costs over a period of time. Because a national cost service is used as a basis for the cost models, locational modifiers and estimates of soft cost factors are necessary to adjust these base costs specifically for various types of improvements located in Franklin County. Thusly, local

modifiers are additional cost factors applied to replacement cost estimated by the national cost service. Estimated replacement cost new will reflect all costs of construction and development for various improvements located in Franklin CAD as of the date of appraisal.

Accrued depreciation is the sum of all forms of loss affecting the contributory value of the improvements. It is the measured loss against replacement cost new taken from all forms of physical deterioration, functional and economic obsolescence. Accrued depreciation is estimated and developed based on losses typical for each property type at that specific age. Depreciation estimates have been implemented for what is typical of each major class of commercial property by economic life categories. Estimates of accrued depreciation have been calculated for improvements with a range of variable years expected life based on observed condition considering actual age. These estimates are continually tested to ensure they are reflective of current market conditions. The actual and effective ages of improvements are noted in CAMA. Effective age estimates are based on the utility of the improvements relative to where the improvement lies on the scale of its total economic life and its competitive position in the marketplace. Effective age estimates are considered and reflected based on five levels or rankings of observed condition, given actual age.

Additional forms of depreciation such as external and/or functional obsolescence can be applied if observed. A depreciation calculation override can be used if the condition or effective age of a property varies from the norm by appropriately noting the physical condition and functional utility ratings on the property data characteristics. These adjustments are typically applied to a specific condition adequacy or deficiency, property type or location and can be developed via ratio studies or other market analyses.

The result of estimating accrued depreciation and deducting that from the estimated replacement cost new of improvements indicates the estimated contributory value of the improvements. Adding the estimated land value, as if vacant, to the contributory value of the improvements indicates a property value by the cost approach. Given relevant cost estimates and market related measures of accrued depreciation, the indicated value of the property by the cost approach becomes a very reliable valuation technique.

Income Models

The income approach to value is applied to those real properties which are typically viewed by market participants as “income producing”, and for which the income methodology is considered a leading value indicator. The first step in the income approach pertains to the estimation of market rent on a per unit basis. This is derived primarily from actual rent data furnished by property owners and from local market surveys conducted by the district and by information from area rent study reviews. This per unit rental rate multiplied by the number of units results in the estimate of potential gross rent.

A vacancy and collection loss allowance is the next item to consider in the income approach. The projected vacancy and collection loss allowance is established from actual data furnished by property owners and local market survey trends. This allowance accounts for periodic fluctuations in occupancy, both above and below an estimated stabilized level. This feature may also provide for a reasonable lease-up period for multi-tenant properties, where applicable. The market derived stabilized vacancy and collection loss allowance is subtracted from the potential gross rent estimate to yield an indication of estimated annual effective gross rent to the property.

Next, a secondary income or service income is considered and, if applicable, calculated as a percentage of stabilized effective gross rent. Secondary income represents parking income, escalations, reimbursements, and other miscellaneous income generated by the operations of real property. The secondary income estimate is derived from actual data collected and available market information. The secondary income estimate is then added to effective gross rent to arrive at an effective gross income, when applicable.

Allowable expenses and expense ratio estimates are based on a study of the local market, with the assumption of

prudent management. An allowance for non-recoverable expenses such as leasing costs and tenant improvements may be included in the expenses. A non-recoverable expense represents costs that the owner pays to lease rental space. Relevant expense ratios are developed for different types of commercial property based on use and market experience. For instance, retail properties are most frequently leased on a triple-net basis, whereby the tenant is responsible for all operating expenses, such as ad valorem taxes, insurance, and common area and property maintenance. In comparison, a general office building is most often leased on a base year expense stop. This lease type stipulates that the owner is responsible for all expenses incurred during the first year of the lease. As a result, expense ratios are implemented and estimated based on observed market experience in operating various types of commercial property.

Another form of allowable expense is the replacement of short-lived items (such as roof or floor coverings, air conditioning or major mechanical equipment or appliances) requiring expenditures of lump sum costs. When these capital expenditures are analyzed for consistency and adjusted, they may be applied on an annualized basis as stabilized expenses. When performed according to local market practices by commercial property type, these expenses when annualized are known as replacement reserves. For some types of property, typical management does not reflect expensing reserves and is dependent on local and industry practices.

Subtracting the allowable expenses (inclusive of non-recoverable expenses and replacement reserves when applicable) from the annual effective gross income yields an estimate of annual net operating income to the property.

Return rates and income multipliers are used to convert operating income expectations into an estimate of market value for the property under the income approach. These include income multipliers, overall capitalization rates, and discount rates. Each of these multipliers or return rates are considered and used in specific applications. Rates and multipliers may vary between property types, as well as by location, quality, condition, design, age, and other factors. Therefore, application of the various rates and multipliers must be based on a thorough analysis of the market for individual income property types and uses. These procedures are supported and documented based on analysis of market sales for these property types.

Capitalization analysis is used in the income approach models to form an indication of value. This methodology involves the direct capitalization of net operating income as an indication of market value for a specific property. Capitalization rates applicable for direct capitalization method and yield rates for estimating terminal cap rates for discounted cash flow analysis are derived from the market. Sales of improved properties from which actual income and expense data are obtained provide a very good indication of property return expectations a specific market participant is requiring from an investment at a specific point in time. In addition, overall capitalization rates can be derived and estimated from the built-up method (band-of-investment). This method relates to satisfying estimated market return requirements of both the debt and equity positions in a real estate investment. This information is obtained from available sales of property, local lending sources, and from real estate and financial publications.

Rent loss concessions are estimated for specific properties with vacancy problems. A rent loss concession accounts for the impact of lost rental income while the building is moving toward stabilized occupancy. The rent loss is calculated by multiplying the rental rate by the percent difference of the property's stabilized occupancy and its actual occupancy. Build out allowances (for first generation space or retrofit/second generation space as appropriate) and leasing expenses are added to the rent loss estimate. The total adjusted loss from these real property operations is discounted using an acceptable risk rate. The discounted value (inclusive of rent loss due to extraordinary vacancy, build out allowances and leasing commissions) becomes the rent loss concession and is deducted from the value indication of the property at stabilized occupancy. A variation of this technique allows a rent loss deduction to be estimated for every year that the property's actual occupancy is less than stabilized occupancy.

Sales Comparison (Market) Approach

Although all three of the approaches to value are based on market data, the Sales Comparison Approach is most

frequently referred to as the Market Approach. This approach is utilized not only for estimating land value but also in comparing sales of similarly improved properties to parcels on the appraisal roll. As previously discussed in the Data Collection / Validation section of this report, pertinent data from actual sales of properties, both vacant and improved, is pursued throughout the year in order to obtain relevant information which can be used in all aspects of valuation. Sales of similarly improved properties can provide a basis for the depreciation schedules in the Cost Approach, rates and multipliers used in the Income Approach, and as a direct comparison in the Sales Comparison Approach. Improved sales are also used in ratio studies, which afford the appraiser an excellent means of judging the present level and uniformity of the appraised values.

Final Valuation Schedules

Based on the market data analysis and review discussed previously in the cost, income and sales approaches, the cost and income models are calibrated and finalized. The calibration results are keyed to the schedules and models in the CAMA system for utilization on all commercial properties in the district. Market factors reflected within the cost and income approaches are evaluated and confirmed based on market sales of commercial and industrial properties. The appraisers review the cost, income, and sales comparison approaches to value for each of the types of properties with available sales information. The final valuation of a property is estimated based on reconciling these indications of value considering the weight of the market information available for evaluation and analysis in these approaches to value.

Statistical and Capitalization Analysis

Statistical analysis of final values is an essential component of quality control. This methodology represents a comparison of the final value against the standard and provides a concise measurement of the appraisal performance. Statistical comparisons of many different standards are used including sales of similar properties, the previous year's appraised value, audit trails, value change analysis and sales ratio analysis.

Appraisal statistics of central tendency and dispersion generated from sales ratios are calculated for each property type with available sales data. These summary statistics including, but not limited to, the weighted mean, provide the appraisers an analytical tool by which to determine both the level and uniformity of appraised value of a particular property type. The level of appraised values can be determined by the weighted mean for individual properties within a specific type, and a comparison of weighted means can reflect the general level of appraised value.

The appraisers review every commercial property type annually through the sales ratio analysis process. The first phase involves ratio studies that compare the recent sales prices of properties to the appraised values of the sold properties. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the appraised values. The appraiser, based on the sales ratio statistics and designated parameters for valuation update, makes a preliminary decision as to whether the value level of a particular property type needs to be updated in an upcoming reappraisal, or whether the level of market value is at an acceptable level.

Potential gross rent estimates, occupancy levels, secondary income, allowable expenses (inclusive of non-recoverable and replacement reserves), net operating income and capitalization rate and multipliers are continuously reviewed. Income model estimates and conclusions are compared to actual information obtained on individual commercial and industrial income properties during the protest hearings process, as well as with information from published sources and area property managers and owners.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of last inspection, extent of that inspection, and the Franklin County CAD appraiser responsible are listed in the CAMA system. If a property owner disputes the District's records concerning this data in a protest hearing, CAMA may be altered based on the credibility of the evidence provided. Normally, a new field check is then requested to verify this information for the current year's valuation or for the next year's valuation. In addition, if a building permit is filed for a particular property indicating a change in characteristics, that property is added to a work file for review

Commercial appraisers are somewhat limited in the time available to field review all commercial properties of a specific use type. However, a major effort is made by appraisers to field review as many properties as possible or economic areas experiencing large numbers of remodels, renovations, or retrofits, changes in occupancy levels or rental rates, new leasing activity, new construction, or wide variations in sale prices. Field review of real property accounts is accomplished while business personal property is reviewed and inspected in the field. Additionally, the appraisers frequently field review subjective data items such as building class, quality of construction (known as cost modifiers), condition, and physical, functional and economic obsolescence factors contributing significantly to the market value of the property. In some cases, field reviews are warranted when sharp changes in occupancy or rental rate levels occur between building classes or between economic areas. With preliminary estimates of value in these targeted areas, the appraisers test computer assisted values against their own appraisal judgment. While in the field, the appraisers physically inspect sold and unsold properties for comparability and consistency of values.

Office Review

Office reviews are completed on properties subject to field inspections and are performed in compliance with the guidelines required by the existing classification system. Office reviews are typically limited by the available market data presented for final value analysis. These reviews summarize the pertinent data of each property as well as comparing the previous value to the proposed value conclusions of the various approaches to value. These evaluations and reviews show proposed value changes, income model attributes or overrides, economic factor (cost overrides) and special factors affecting the property valuation such as new construction status, and a three years sales history (USPAP property history requirement for non-residential property). The appraiser may review methodology for appropriateness to ascertain that it was completed in accordance with USPAP or more stringent statutory and district policies. This review is performed after preliminary ratio statistics have been applied. If the ratio statistics are generally acceptable overall the review process is focused primarily on locating skewed results on an individual basis. Previous values resulting from protest hearings are individually reviewed to determine if the value remains appropriate for the current year based on market conditions. Each appraiser's review is limited to properties in their area of responsibility by property type (improved) or geographic area (commercial vacant land).

Once the appraiser is satisfied with the level and uniformity of value for each commercial property within their area of responsibility, the estimates of value go to noticing. Each parcel is subjected to the value parameters appropriate for its use type.

PERFORMANCE TESTS

The primary tool used to measure mass appraisal performance is the ratio study. A ratio study compares appraised values to market prices. In a ratio study, market values (value in exchange) are typically represented with the range of sale prices, i.e. a sales ratio study. Independent, expert appraisals may also be used to represent market values in a ratio study, i.e. an appraisal ratio study. If there are not enough examples of market price to provide necessary representativeness, independent appraisals can be used as indicators for market value. This can be particularly useful for commercial or industrial real property for which sales are limited. In addition, appraisal ratio studies can be used for properties statutorily not appraised at market value, but reflect the use-value requirement. An example of

this are multi-family housing projects subject to subsidized rent provisions or other governmental guarantees as provided by legislative statutes (affordable housing) or agricultural lands to be appraised on the basis of productivity or use value.

Franklin CAD has adopted the policies of the IAAO STANDARD ON RATIO STUDIES, circa July 1999 regarding its ratio study standards and practices. Ratio studies generally have six basic steps: (1) determination of the purpose and objectives, (2) data collection and preparation, (3) comparing appraisal and market data, (4) stratification, (5) statistical analysis, and (6) evaluation and application of the results.

Sales Ratio Studies

Sales ratio studies are an integral part of estimating equitable and accurate market values, and ultimately property assessments for these taxing jurisdictions. The primary uses of sale ratio studies include the determination of a need for general reappraisal; prioritizing selected groups of property types for reappraisal; identification of potential problems with appraisal procedures; assist in market analyses; and, to calibrate models used to estimate appraised values during valuation or reappraisal cycles. However, these studies cannot be used to judge the accuracy of an individual property appraised value. The Franklin County Appraisal Review Board may make individual value adjustments based on unequal appraisal (ratio) protest evidence submitted on a case-by-case basis during the hearing process.

Overall sales ratios are generated by use type semi-annually (or more often in specific areas) to allow appraisers to review general market trends in their area of responsibility and for the Property Study from the Property Tax Division of the Comptroller's Office. The appraisers utilize desktop applications such as EXCEL programs to evaluate subsets of data by economic area or a specific and unique data item. On the desktop, this may be customized and performed by building class and age basis. In many cases, field checks may be conducted to insure the ratios produced are accurate and the appraised values utilized are based on accurate property data characteristics. These ratio studies aid the appraisers by providing an indication of market activity by economic area or changing market conditions (appreciation or depreciation).

Comparative Appraisal Analysis

The commercial appraiser performs an average unit value comparison in addition to a traditional ratio study. These studies are performed on commercially classed properties by property use type (such as apartment, office, retail and warehouse usage or special use). The objective to this evaluation is to determine appraisal performance of sold and unsold properties. Appraisers' average unit prices of sales and average unit appraised values of the same parcels and the comparison of average value changes of sold and unsold properties. These studies are conducted on substrata such as building class and on properties located within various economic areas. In this way, overall appraisal performance is evaluated geographically, by specific property type to discern whether sold parcels have been selectively appraised. When sold parcels and unsold parcels are appraised equally, the average unit values are similar. These sales and equity studies are performed prior to final appraisal and to annual noticing.

Business Personal Property Valuation Process

INTRODUCTION

Appraisal Responsibility

There are four different personal property types appraised by the district's personal property section: Business Personal Property accounts; leased assets; vehicles and aircraft; and multi-location assets.

- ***Personnel - The personal property staff consists of 2 appraisers and support staff.***

  Russell McCurdy, RPA - Chief Appraiser

  Billy Dyson – RPA

  Josh Drupp – Appraiser level 2

  Audrey Weatherford – Appraiser level 1

  P&A is contracted to value Industrial & Commercial BPP

- **Data** - A common set of data characteristics for each personal property account in Franklin CAD is collected in the field and data entered in the computer system in the office. The property characteristic data drives the computer-assisted personal property appraisal (CAPPA) system. The personal property appraiser collects the field data and maintain electronic property files making updates and changes gathered from field inspections, newspapers, property renditions, sales tax permit listing and interviews with property owners, and other sources.

DATA COLLECTION/VALIDATION

Data Collection Procedures

Personal property data collection procedures are published and distributed to all appraisers involved in the appraisal and valuation of personal property. The appraisal procedures are reviewed and revised to meet the changing requirements of field data collection.

Sources of Data

Business Personal Property

The district's property characteristic data was collected through a massive field data collection effort coordinated by the district over the recent past and from property owner renditions. From year to year, reevaluation activities permit district appraisers to collect new data via an annual field inspection. This project results in the discovery of new businesses, changes in ownership, relocation of businesses, and closures of businesses not revealed through other sources. Tax assessors, city and local newspapers, and the public often provide the district information regarding new personal property and other useful facts related to property valuation.

Vehicles

An outside vendor provides Franklin CAD with a listing of vehicles within the jurisdiction. The vendor develops this listing from the Texas Department of Transportation (TxDOT) Title and Registration Division records. Other sources of data include property owner renditions and field inspections.

Leased and Multi-Location Assets

The primary source of leased and multi-location assets is property owner renditions of property. Other sources of data include field inspections.

VALUATION AND STATISTICAL ANALYSIS (model calibration)

Cost Schedules

Cost schedules are developed based on the SIC code by the Property Tax Division of the Comptroller's Office and by district personal property valuation appraisers. The cost schedules are developed by analyzing cost data from property owner renditions, hearings, state schedules, and published cost guides. The cost schedules are reviewed as necessary to conform to changing market conditions. The schedules are typically in a price per square foot format, but some exception SIC's are in an alternate price per unit format, such as per room for hotels.

Statistical Analysis

Summary statistics including, but not limited to, the median, weighted mean, and standard deviation provide the appraisers an analytical tool by which to determine both the level and uniformity of appraised value by SIC code. Review of the standard deviation can discern appraisal uniformity within SIC codes.

Depreciation Schedule and Trending Factors:

Business Personal Property

Franklin CAD's primary approach to the valuation of business personal property is the cost approach. The replacement cost new (RCN) is either developed from property owner reported historical cost or from CAD developed valuation models. The trending factors used by the CAD to develop RCN are based on published valuation guides. The percent good depreciation factors used by Franklin CAD are also based on published valuation guides. The index factors and percent good depreciation factors are used to develop present value factors (PVF), by year of acquisition, as follows:

PVF = INDEX FACTOR x PERCENT GOOD FACTOR

The PVF is used as an "express" calculation in the cost approach. The PVF is applied to reported historical cost as follows:

MARKET VALUE ESTIMATE = PVF x HISTORICAL COST

This mass appraisal PVF schedule is used to ensure that estimated values are uniform and consistent within the market and reflect current economic pressures of supply and demand.

INDIVIDUAL VALUE REVIEW PROCEDURES

Office Review

Business Personal Property

Property owner renditions, accounts with field or other data changes, accounts with prior hearings, new accounts, and cost table changes are all considered. The appraisers review accounts comparing prior to current year values and information.

PERFORMANCE TESTS

Ratio Studies

Each year the Property Tax Division of the state comptroller's office conducts a property value study (PVS). The PVS is a ratio study used to gauge appraisal district performance. Results from the PVS play a part in school funding. Rather than a sales ratio study, the personal property PVS is a ratio study using state cost and depreciation schedules to develop comparative personal property values. These values are then compared to Franklin CAD's personal property values and ratios are indicated.

Minerals (Oil and Gas Reserves) Valuation Process

INTRODUCTION

Appraisal Responsibility

Pritchard & Abbott, Inc. has been hired to appraise minerals for Franklin CAD.

Minerals-in-place (oil and gas reserves) are real property. Appraisal of minerals, oil and gas reserves, is based on estimating the present value of the economically recoverable reserves of oil and gas. Mineral rights are property rights and may be separable property interests from the land surface property rights. Minerals being produced are a tangible asset and are appraised for ad valorem taxation. The valuation of minerals-in-place is based on estimating the discounted net present value of the oil and gas production over the economic life of the well(s). Basically, this method of valuation is an income approach using discounted cash flow analysis methodology. Oil and Gas Properties are also marketed based on proven reserves, and the unit of comparison in this market is considered in barrels of oil or in cubic feet of natural gas. The market approach is based on sales of property based on barrels of proven reserves.

Mineral interests are commonly divided into property interests known as working interests and royalty interests. The valuation of this property begins with the valuation of the mineral lease and is divided into the property interests according to division orders for each lease. It is the goal and purpose of the CAD to identify every producing mineral property interest within the district and estimate the market value of each property interest listed on the roll.

Appraisal Resources

- ***Personnel -*** *The mineral property staff consists of 1 Appraisal Company.*

  Pritchard & Abbott, Inc.

Data

A common set of data characteristics for each mineral property account in Franklin CAD is collected from the Texas Railroad Commission Records and data entered to the district's computer. The property characteristic data drives the computer-assisted mineral property appraisal system. Railroad Commission records are searched to discover new leases as of January 1 of the year and legal descriptions are gathered to determine the location of the lease within Franklin CAD jurisdictional boundaries. Records are also reviewed for changes in production for existing wells and for abandoned wells with salvage value for equipment, tanks, and tubular goods. Production history for each mineral lease is gathered from IHS Energy production records and from the Texas Railroad Commission. Division Orders on each lease are requested annually from lease operators and checked against the appraisal roll for accuracy of owner name, address, and ownership percentage interest. To assist with operating information, an annual Confidential Lease Operating Expense Survey is mailed to the operator of each active lease requesting lease-specific operating information on oil and gas pricing, operating expenses, and possible market sales of leases.

To assist with the economic parameters influencing these properties, general economic data is gathered for the valuation process. The method of appraisal for minerals-in-place is the discounted cash flow method which looks at the net present value of operating the lease. Current interest rates, market rates of return and levels of discounting the investment are factors to consider when evaluating the returns necessary to attract investment capital for this type property. Capitalization rates are estimated based on data from the general market for oil and gas property.

VALUATION AND STATISTICAL ANALYSIS (model calibration)

Pricing, Operating Expenses and Reserve Analysis

Crude oil and natural gas prices are important information in the valuation of mineral property because these prices help determine income to the lease and are a significant factor in determining the economic life of the production from the lease. Price analysis and estimates for crude oil and natural gas produced is based on the previous year's average price as per Texas Tax Code (Sec. 23.175). Prices paid for production for each lease is analyzed and averaged to evaluate the estimated average for the area.

Lease operating expenses are estimated based on rendered information and actual operating cost and expense from surveys of lease operators in Franklin CAD. Decline curve analysis estimates the rate of production decline and is formulated using past production operating expenses and recent operating parameters such as water production, lease repairs, and secondary recovery efforts. Current operating income and expenses for the lease are considered and estimated in a discounted cash flow model to allow the appraiser to evaluate and estimate the net present value of producing oil and gas from the lease. Capitalization rates and discounting return rates are estimated for each lease based upon the particular risks inherent with production of oil and gas from that property. These risks may vary considerably from one lease to another depending several factors influencing the production from that particular lease. The discounted cash flow model method will allow the appraiser to evaluate current market value of the lease based on the estimated recoverable reserves. This methodology is approved and recommended by the Property Tax Division of the Comptroller's Office and is a recognized method of appraisal by industry standards. We have utilized the discounted cash flow model to estimate the market value of each lease located in Franklin CAD.

Value Review Procedures

The method of value review for this type of property is based on the review of the factors estimated within the discounted cash flow analysis methodology such as the discount rate, product prices, and operating expenses. Evaluation and verification of these economic factors as to their validity within current economic times and based on current capital requirements for investment in this type property is re-confirmed and reviewed for reasonableness. Sales of mineral properties are considered but adequate sale data is usually not available due to difficulty in confirming sales. The market for this type of property is neither an active nor an efficient market; there are very few participants and pricing information is mostly confidential. There is no central source for tracking these transactions and property owners are reluctant to reveal market information concerning prices paid or terms of the transaction. Because of a lack of market sales on mineral property, appraised values are regularly compared to similar properties within the same production field, field of exploration, strata of formation, or production history and expense level.

Ratio studies are a source of comparison to evaluation level and uniformity of appraisal. When market sales are available the ratio study is based on a comparison of the appraised value to the sale price. For mineral property, which lacks available market sales, a ratio study is a comparison of another appraisal opinion with the opinion of the district to determine level and uniformity of appraisal. The Property Tax Division of the Comptroller's Office conducts an annual ratio study of selected mineral properties to gauge the districts appraisal performance. The PTD utilizes the same valuation methodology to appraise individual mineral properties. This opinion of value is then utilized as market evidence with the same significance as if the property sold for that value. The estimated value of the property by Franklin CAD is compared to the appraisal by the PTD to calculate the ratio and the indicated level of appraisal. This study indicates the median and mean levels of appraisal for mineral property and is considered reliable as a review and evaluation tool.

Utility Property Valuation Process

INTRODUCTION

Appraisal Responsibility

Utility properties are the tangible assets of various businesses including electric production, transmission, and distribution companies, railroads, petroleum product gathering and delivery pipelines, telephone and communication providers and others. The valuation of these properties is considered to be complex due to the involvement of both tangible and intangible property elements that comprise these businesses, and due to the size of some of the utilities that are regional and national companies. The appraisal of these companies becomes complex when considering the valuation of the property as a unit in place, evaluating the property by the approaches to value at the company level. Once the estimated value of the unit is estimated, the estimated market value is allocated based on the tangible property assets that are located within Franklin CAD.

Appraisal Resources

- ***Personnel -*** The utility property staff consists of 1 Appraisal Company.

  Pritchard & Abbott, Inc.

- **Data** - A common set of data characteristics for each utility property account in Franklin CAD is collected from the various government regulatory agency records, field inspections, and property owner renditions. This data is entered to the district's computer. Individual company financial information is gathered through industry specific governmental filings such as Federal Energy Regulatory Commission Reports, Securities and Exchange Commission 10-k filings, and Public Utility Commission publications. Other company information is gathered from annual reports, internal appraisals, and other in-house and industry publications. Property owner renditions are requested to document and list property owned and located in our particular jurisdictions (i.e.: track mileage, number of meters, pipeline size and mileage, substation and transmission capacity, etc.). The property characteristic data drives the computer-assisted appraisal of the property.

  The appraisal of utility property utilizes three-approach analysis to form an opinion of value for the property. Financial and capital market information is pertinent to understanding factors affecting valuation of complex property. Gathering financial data to attempt to understand investor and corporate attitudes for capital return expectations giving considering return components such as current interest rates, capital debt structure, bond market rates, and capital supply and demand trends. These financial factors result in overall return rates and capital structure for these companies and affects capitalization rates. The weighted average cost of capital is the most commonly used method of estimating capitalization rates for utility properties. Capitalization rates are estimated using capital return expectations from various publications: Ibbotson's SBBI Valuation Edition, Wall Street Journal, Mergent Bond Record, Moody's Corporate Bond Yield Averages, Value Line Investment Survey "Ratings and Reports". Industry specific information is also gathered from web sites, publications, periodicals, and reference manuals. Franklin CAD utilizes the weighed average cost of capital to estimate the capitalization rate for utility appraisal under the income approach.

VALUATION AND STATISTICAL ANALYSIS (model calibration)

Approaches to Valuation, Reconciliation

Valuation of tangible assets for utility companies relies primarily on indications of value based on the cost and income approaches to value under the unit value approach. This methodology involves developing and estimating market value considering the entirety of the company's tangible assets and resolving an allocated value for that portion of specific tangible assets located in particular tax jurisdictions. The valuation opinion is based on three approach analysis utilized for the indicated unit appraisal of all company tangible assets, then an estimated allocation of unit value for only assets located in the district and particular jurisdictions. This methodology is approved and recommended by the Property Tax Division of the Comptroller's Office and is an accepted standard within the industry and appraisal community.

Value Review Procedures

Review of the valuation of utility property is based on verifying economic and financial factors utilized in the methodology as relevant to current capital markets and that these factors reflect current return expectations. Market sales of utility properties do occur and are a good source for comparison and review when the price of the tangible assets can be abstracted or allocated from the selling price. Typically, the sale of utility companies involve significant intangible property assets such as customer base, goodwill, favorable contracts, name recognition, etc. and the contributory value and allocation of these assets is subjective and unknown. In Texas, intangible property assets are exempt from taxation and must not be included on the appraisal roll as taxable property. Therefore, because of the lack of specific market information on sales of utility properties, appraised value is regularly compared to the valuation of similar property within the same set of property characteristics, business type and size. More of comparison for equity concerns on valuation rather than the full recognition of a market level certainty about appraisal level. Of course, the estimated value is based on recognized methodology for considering the valuation of these tangible assets, but true market confirmation of these factors may not be possible due to minimal market knowledge and experience.

Ratio studies are also a method of review for relevance of appraisal valuation to market value. Again, in the absence of full disclosure of prices paid and without the abstraction of prices paid for the tangible asset components from recent utility property acquisitions or sales, market-based analysis and review is not possible. Ratio studies for utility property must rely on a comparison of one appraisal opinion as the basis for the reasonable property valuation with the district's appraised value to determine the ratio for level and uniformity of appraisal. The PTD conducts the annual ratio study of selected utility properties to gauge the appraisal district's performance. The PTD utilizes the same valuation methodology to estimate appraisal valuations of utility properties and the results, when compared to the appraisal valuation estimated by Franklin CAD for these properties yield ratios. This ratio study of certain utility properties indicates the level and uniformity of appraisal for this category of property.

Limiting Conditions

The appraised value estimates provided by the district are subject to the following conditions:

1. The appraisals were prepared exclusively for ad valorem tax purposes.
2. The property characteristic data upon which the appraisals are based is assumed to be correct. Exterior inspections of the property appraised were performed as staff resources and time allowed. Some interior inspections of property appraised were performed at the request of the property owner and required by the district for clarification purposes and to correct property descriptions.
3. Validation of sales transactions was attempted through questionnaires to buyer and seller, telephone survey and field review. In the absence of such confirmation, residential sales data obtained from vendors was considered reliable.
4. Title is assumed to be fee-simple, clear, and in marketable condition.
5. I have attached a list of staff providing significant mass appraisal assistance to the person signing this certification.

Certification Statement:

"I, Russell McCurdy, RPA, Chief Appraiser for the Franklin 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."

Russell McCurdy

Russell McCurdy, RPA, RTA, CTA
Chief Appraiser

STAFF PROVIDING SIGNIFICANT MASS APPRAISAL ASSISTANCE

Russell McCurdy, RPA, RTA, CTA	Chief Appraiser
Billy Dyson RPA	Appraiser
Josh Drupp Level 2	Field Appraiser
Audrey Weatherford Level 1	Field Appraiser

TENTATIVE SCHEDULE 2024-2025

August - 2024	Begin field work in specified section for 2025 tax year (See map for section coverage). MAP areas include H 1-5, NE 1-9, NW 1-7, RCISD, SBISD, LBS, & Lake 1-3 & 5-8. Run Sales Ratio Study. Begin market analysis studies. Adjust areas as needed due to increased coverage by Pictometry or other external factors. Run *TASK* report Approximately 950 properties.
Sept. - December	Run Sales Ratio Study. Field work continues. November 15 start inspections on parcels coded with a property Task of New IMPS.
December	Mail initial targeted AG re-applications (certified). Mail out yearly exemption applications with explanation letter. Mail out Annual reports for Wildlife properties
January 2025	Mail out homestead, AG/Timber forms, PP Renditions, and other yearly exemption applications with explanation letter. Run Ratio Study. Compare market analysis to cost schedules. Field work and in-office analysis continues. Final inspections for new constructions.
February	Perform targeted re-checks. Send AG & HS application reminders. Finalize targeted sections.
March	Run final Ratio Study before Notices & make adjustments if needed. Finalize schedule changes if necessary. Finalize field work and data entry issues. Complete deed work and finalize status on applications, exemptions and renditions. Enter/Process received exemptions & special use appraisal applications Release file to P&A for notice processing.
April	Work any late renditions. Value Estimate to Entities. Mail Notices. Begin informal hearings.
May	May 15-protest deadline. Continue informal hearings as workload permits.
June	Begin holding formal hearings with the Appraisal Review Board
July	Certify Appraisal Roll Run RECAPs for entities and Assessor/Collector's office
August 2025	Have website updated by BIS Roll Appraisal year in computer system Update TNT website & have it active by August 7

Areas to be worked may be adjusted as needed due to market conditions and other external factors.

TENTATIVE SCHEDULE 2025-2026

August - 2025	Begin field work in specified section for 2025 tax year (See map for section coverage). MAP areas include MV 1-5, WCITY, S1-4, WISD 1-4, L-4, P 1-5, & Lake Franklin. Run Sales Ratio Study. Begin market analysis studies. Adjust areas as needed due to increased coverage by Pictometry or other external factors. Run *TASK* report Approximately 950 properties.
Sept. - December	Run Sales Ratio Study. Field work continues. November 15 start inspections on parcels coded with a property Task of New IMPS.
December	Mail initial targeted AG re-applications (certified). Mail out yearly exemption applications with explanation letter. Mail out Annual reports for Wildlife properties
January 2026	Mail out homestead, AG/Timber forms, PP Renditions, and other yearly exemption applications with explanation letter. Run Ratio Study. Compare market analysis to cost schedules. Field work and in-office analysis continues. Final inspections for new constructions.
February	Perform targeted re-checks. Send AG & HS application reminders. Finalize targeted sections.
March	Run final Ratio Study before Notices & make adjustments if needed. Finalize schedule changes if necessary. Finalize field work and data entry issues. Complete deed work and finalize status on applications, exemptions and renditions. Enter/Process received exemptions & special use appraisal applications Release file to P&A for notice processing.
April	Work any late renditions. Value Estimate to Entities. Mail Notices. Begin informal hearings.
May	May 15-protest deadline. Continue informal hearings as workload permits.
June	Begin holding formal hearings with the Appraisal Review Board
July	Certify Appraisal Roll Run RECAPs for entities and Assessor/Collector's office
August 2026	Have website updated by BIS Roll Appraisal year in computer system Update TNT website & have it active by August 7

Areas to be worked may be adjusted as needed due to market conditions and other external factors.

PROPERTY TAX LAW DEADLINES

January

January	
1	• Date that taxable values (except for inventories appraised Sept. 1) and qualification for certain exemptions are determined for the tax year (Secs. 11.42(a), 23.01(a), 23.12(f)). • Date a tax lien attaches to property to secure payments of taxes, penalties and interest that will be imposed for the year (Sec. 32.01(a)). • Date that members of county appraisal district (CAD) boards of directors begin two-year terms; half the members begin two-year terms if the CAD has staggered terms (Secs. 6.03(b), 6.034(a)and(e)). • Date that half of appraisal review board (ARB) members begin two-year terms and that ARB commissioners begin one year terms (Sec. 6.41(d-8)). • Date by which ARB commissioners, if appointed in the county, are required to return a list of proposed ARB members to the local administrative district judge (Sec. 6.41(d-7)). • Deadline for chief appraisers to notify the Comptroller's office of eligibility to serve as chief appraisers (Sec. 6.05(c)). • Date the temporary exemption for qualified property damaged by disaster expires as a qualified property of the first tax year in which the property is reappraised under Sec. 25.18 (Sec 11.35(k)).
2	• Date rendition period begins(Sec. 22.23(a)).
10	• If a tax bill from the previous year is mailed after this date, the delinquency date is postponed (Sec. 31.04(a)).
31	• Deadline for the Comptroller's office to publish the preliminary *Property Value Study (PVS)* findings, certify findings to the Texas Education Commissioner, and deliver findings to each school district (Gov't Code Sec. 403.302(g)) **NOTE:** A qualified school district or property owner may protest preliminary findings by filing a petition with the Comptroller not later than the 40th day after the date (whether Jan. 31 or an earlier date) on which the Comptroller's findings are certified to the Texas Commissioner of Education (Gov't Code Sec.403.303(a)). • Last day for chief appraiser to deliver applications for agricultural designation and exemptions requiring annual applications (Secs. 11.44(a)), 23.43(e)). • Last day for disabled or age 65 or older homeowners or disabled veterans and their surviving spouses qualified for Sec. 11.22 exemptions to provide notice of intent to pay by installment and pay the first installment of homestead property taxes if the delinquency date is Feb. 1. Other delinquency dates have different installment notice and payment deadlines. This deadline also applies to partially disabled veterans and their surviving spouses with homesteads donated from charitable organizations (Sec. 31.031(a-1)). • Last day for homeowners or qualified businesses whose properties were damaged in a disaster within a designated disaster area to pay the first installment for taxes with Feb. 1 delinquency dates if using installment payment option. Other delinquency dates have different notice and payment deadlines (Sec. 31.032(b)). • Last day for a CAD to give public notice of the capitalization rate to be used in that year to appraise property with low- and moderate-income housing exemption (Sec. 11.1825(r)).

February

February	
1	• Last day for motor vehicle, vessel and outboard motors, heavy equipment and manufactured housing dealers to file dealer's inventory declarations (Secs. 23.121(f), 23.124(f), 23.1241(f), 23.127(f)). • Date that taxes imposed the previous year become delinquent if a bill was mailed on or before Jan. 10 of the current year (Secs. 31.02(a), 31.04(a)). • Rollback tax and interest for change of use of 1-d, 1-d-1, timber, and restricted-use timber land become delinquent if taxing unit delivered a bill to the owner at least 20 days before this date (Secs. 23.46(c), 23.55(e), 23.76(e), 23.9807(f)). • Deadline for chief appraisers in certain counties to provide notice regarding the availability of agreement forms authorizing electronic communication, on or before this date (or as soon as practicable) Sec. 1.085(h)).
15	• Last day for tax collector to disburse motor vehicle, vessel and outboard motor, heavy equipment and manufactured housing inventory taxes from escrow accounts to taxing units (Secs. 23.122(k), 23.1242(j), 23.125(k), 23.128(j)).
28 (29 if a leap year)	• Last day to request separate appraisal for interest in a cooperative housing corporation (Sec. 23.19(c)).

March

March	
31	• Last day for taxing units' second quarterly payment for the current year CAD budget (Sec. 6.06(e)). • Last day for disabled or age 65 or older homeowners or disabled veterans and their surviving spouses qualified for Sec. 11.22 exemptions to pay second installment on taxes with Feb. 1 delinquency dates. Other delinquency dates have different

	installment payment deadlines. This deadline also applies to partially disabled veterans and their surviving spouses with homesteads donated from charitable organizations (Sec. 31.031(a) and (a-1)). • Last day for homeowners or qualified businesses whose properties were damaged in a disaster area to pay second installment on taxes with Feb. 1 delinquency dates. Other delinquency dates have different installment payment deadlines (Sec. 31.032(a) and (b)). • Last day for qualified community housing development organizations to file listing of property acquired or sold during the past year with the chief appraiser (Sec. 11.182(i)).

April

April	
1	Last day for qualifying local governments to submit completed applications to the Comptroller's office to receive disabled veterans assistance payments for previous fiscal year (Local Gov't Code Sec. 140.011(e)). Last day (or as soon as practicable thereafter) for chief appraiser to mail notices of appraised value for single-family residence homestead properties (Sec. 25.19(a)). Last day (or as soon thereafter as practicable) for chief appraiser to deliver a clear and understandable written notice to property owner of a single-family residence that qualifies for an exemption under Sec. 11.13 if an exemption or partial exemption that was approved for the preceding year was canceled or reduced for the current year (Sec. 25.193(a)). Last day for the chief appraiser to notify the taxing units of the form in which the appraisal roll will be provided to them (Sec. 26.01(a)).
15	Last day to file renditions and property reports on most property types. Chief appraiser must extend deadline to May 15 upon written request (Sec. 22.23(a) and (b)). **NOTE:** The Comptroller and each chief appraiser are required to publicize the legal requirements for filing rendition statements and the availability of the forms in a manner reasonably designed to notify all property owners of the law (Sec. 22.21). Chief appraisers need to check with their legal counsel to determine the manner and timing of this notice to meet the legal requirement.
30	Last day for property owners to file these applications or reports with the CAD: Some exemption applications (Sec. 11.43(d))* Notice to chief appraiser that property is no longer entitled to an exemption not requiring annual application (Sec. 11.43(g)); Certain applications for special appraisal or notices to chief appraiser that property no longer qualifies for 1-d agricultural land, 1-d-1 agricultural land, timberland, restricted-use timberland, recreational-park-scenic land and public access airport property (Secs. 23.43(b), 23.54(d) and (h), 23.75(d) and (h), 23.84(b) and (d), 23.94(b) and (d), 23.9804(e) and (i)); Railroad rolling stock reports (Sec. 24.32(e)); Requests for separate listing of separately owned land and improvements (Sec. 25.08(c)); Requests for proportionate taxing of a planned unit development association property (Sec. 25.09(b)); Requests for separate listing of separately-owned standing timber and land (Sec. 25.10(c)); Requests for separate listing of undivided interests (Sec. 25.11(b)); and Requests for joint taxation of separately owned mineral interests (Sec. 25.12(b)). Last day for chief appraiser to certify estimate of the taxable value for counties, municipalities, and school districts (counties and municipalities can choose to waive the estimate) (Sec. 26.01(e) and (f)). A school district with a fiscal year beginning July 1 may use this certified estimate when preparing the notices of public meetings to adopt the budget and discuss the proposed tax rate (Educ. Code Sec. 44.004(g)-(j)). Last day to file rendition statements and property reports for property regulated by the Texas Public Utility Commission, Texas Railroad Commission, federal Surface Transportation Board or the Federal Energy Regulatory Commission. Chief appraiser must extend deadline to May 15 upon written request (Sec. 22.23(d)). Last day for property owners to file applications for allocation under Secs. 21.03, 21.031, 21.05 or 21.055. For good cause, chief appraiser shall extend deadline up to 30 days. Other deadlines apply if the property was not on the appraisal roll in the previous year. (Sec. 21.09(b)).
*Exemption applications for cemeteries, certain charitable organizations, religious organizations, private schools, nonprofit water supply or wastewater service corporations and other nonprofit organizations must be filed within one year of acquiring the property (Secs. 11.42(d) and 11.43(d)). Unless birth date information has been provided to the CAD, persons who become age 65 or qualify as disabled during a tax year must apply for the applicable homestead exemptions within one year of qualifying (Sec. 11.43(k) and (m)).	

May

May	
1	• Last day (or as soon as practicable thereafter) for chief appraiser to mail notices of appraised value for properties other than single-family residence homesteads (Sec. 25.19(a)). • Last day (or as soon thereafter as practicable) for chief appraiser to deliver a clear and understandable written notice to the property owner of residence homestead property that does not qualify for an exemption under Sec. 11.13 if an exemption or partial exemption that was approved for the preceding year was canceled or reduced for the current year (Sec. 25.193(a)).
1-14	• Period to file resolutions with chief appraiser to change CAD finance method (Sec. 6.061(c)).
1-15	• Period when chief appraiser must publish notice about taxpayer protest procedures in a local newspaper with general circulation (Sec. 41.70(a) and (b)).

	NOTE: Chief appraisers must annually publicize property owner rights and methods to protest to the ARB (Sec. 41.41(b)). Chief appraisers should consult legal counsel on the manner and timing to fulfill this requirement.
2	• Beginning of time period when taxing units must notify delinquent taxpayers that taxes delinquent on July 1 will incur additional penalty for attorney collection costs at least 30 days and not more than 60 days before July 1. Period ends on June 1 (Sec. 33.07(d)).
15	• Last day to file renditions and property reports for most property types if an extension was requested in writing. Chief appraiser may extend deadline an additional 15 days for good cause (Sec. 22.23(b)). • Date (or as soon as practicable thereafter) for chief appraiser to prepare appraisal records and submit to ARB (Secs. 25.01(a), 25.22(a)). • Last day to file most protests with ARB (or by 30th day after notice of appraised value is delivered, whichever is later) (Sec. 41.44(a)(1)).
19	• Last day for chief appraiser to determine whether a sufficient number of eligible taxing units filed resolutions to change CAD's finance method (Sec. 6.061(d)).
24	• Last day for chief appraiser to notify taxing units of change in the CAD's finance method (Sec. 6.061(d)).
31	• Last day for taxing units to file challenges with ARB (or within 15 days after the date the appraisal records are submitted to ARB (whichever is later) (Sec. 41.04). • Last day for disabled or age 65 or older homeowners or disabled veterans and their surviving spouses qualified for Sec. 11.22 exemptions to pay third installment on taxes with Feb. 1 delinquency dates. Other delinquency dates have different installment payment deadlines. This deadline also applies to partially disabled veterans and their surviving spouses with homesteads donated from charitable organizations (Sec. 31.031(a) and (a-1)). • Last day for homeowners and qualified businesses whose properties were damaged in a disaster area to pay third installment on taxes with Feb. 1 delinquency dates. Other delinquency dates have different installment payment deadlines (Sec. 31.032(a) and (b)). • Last day for a religious organization that has been denied an 11.20 exemption because of its charter to amend the charter and file a new application (or before the 60th day after the date of notification of the exemption denial, whichever is later) (Sec. 11.421(b)). • Last day for taxing unit to take official action to extend the date by which aircraft parts must be transported outside the state after acquired or imported to up to 730 days for the aircraft parts to be exempt from taxation as freeport goods for the current and subsequent tax years (Sec. 11.251(l)).

June

June	
14	• Last day for chief appraiser to submit proposed budget for next year to CAD board and taxing units (unless taxing units have changed CAD's fiscal year) (Sec. 6.06(a) and (i)).
15	• Last day (or the 60th day after the date on which the chief appraiser delivers notice to the property owner under Sec 22.22, if applicable) for chief appraisers to accept and approve or deny late-filed freeport exemption applications (Sec. 11.4391(a)).
16	• Beginning date that CAD board may pass resolution to change CAD finance method, subject to taxing units' unanimous approval. Period ends before Aug. 15 (Sec. 6.061(a)).
30	• Last day to pay second half of split payment for taxes imposed last year (Sec. 31.03(a)). • Last day for taxing units' third quarterly payment for CAD budget for the current year (Sec. 6.06(e)). • Last day to form a taxing unit to levy property taxes for the current year (Sec. 26.12(d)). • Last day for taxing units to adopt local option percentage homestead exemptions (Sec. 11.13(n)). • Last day for a private school that has been denied an 11.21 exemption because of the charter to amend the charter and file a new application (or the 60th day after the date of notification of the exemption denial, whichever is later) (Sec. 11.422(a)(1)).

July

July	
1	• Date that delinquent taxes incur total 12 percent penalty (Sec. 33.01(a)). • A taxing unit or CAD may provide that taxes that become delinquent on or after Feb. 1 of a year but not later than May 1 of that year and that remain delinquent on July 1 of the year in which they become delinquent incur an additional penalty to defray costs of collection, if the unit or CAD or another unit that collects taxes for the unit has contracted with an attorney to enforce the collection of delinquent taxes (Sec. 33.07(a)). **NOTE:** Taxing units and CADs that have imposed the additional penalty for collection costs under Sec. 33.07 may provide for an additional penalty for attorney collection costs of taxes that become delinquent on or after June 1 under Secs. 26.07(f), 26.15(e), 31.03, 31.031, 31.032, 31.04, or 42.42. The penalty is incurred on the first day of the first month that begins at least 21 days after the date the collector sends the property owner a notice of delinquency and penalty (Sec 33.08(a) and (c)). • Last day for review and protests of appraisals of railroad rolling stock values (or as soon as practicable thereafter); once the appraised value is approved, the chief appraiser certifies to the Comptroller's office the allocated market value (Secs. 24.35(b), 24.36).
20	• Date ARB must approve appraisal records, but may not do so if more than 5 percent of total appraised value remains under protest. The board of directors of a CAD in a county with a population of 1 million or more may postpone the deadline to Aug. 30 or increase the threshold percentage from 5 to 10 percent of the appraised value of properties not under protest (Sec. 41.12(a)-(c)).

25	• Last day for Comptroller's office to certify apportionment of railroad rolling stock value to counties, with supplemental records after that date (Secs. 24.38, 24.40). • Last day for chief appraiser to certify appraisal roll to each taxing unit (Sec. 26.01(a)). • Last day for chief appraiser to prepare and certify to the assessor for each taxing unit an estimate of the taxable value of the property if the ARB has not approved the appraisal records by July 20 (Sec. 26.01(a-1)).
31	• Last day for disabled or age 65 or older homeowners or disabled veterans and their surviving spouses qualified for Sec. 11.22 to pay fourth installment on taxes with Feb. 1 delinquency dates. Other delinquency dates have different installment payment deadlines. This deadline also applies to partially disabled veterans and their surviving spouses with homesteads donated from charitable organizations (Sec. 31.031(a-1)). • Last day for homeowners and qualified businesses whose properties were damaged in a disaster area to pay fourth installment on taxes with Feb. 1 delinquency dates. Other delinquency dates have different installment payment deadlines (Sec. 31.032(b)). • Last day for property owners to apply for Sept. 1 inventory appraisal for the next year (Sec. 23.12(f)).

August

August	
1	• Date taxing unit's assessor submits appraisal roll and date that collector submits collection rate estimate for the current year to the governing body (or soon after as practical) (Sec. 26.04(b)).
7	• Date taxing units (other than school districts, small taxing units and water districts) must publicize no-new-revenue and voter-approval tax rates, unencumbered fund balances, debt obligation schedule and other applicable items (or as soon as practical thereafter) (Secs. 26.04(e) and (e)(1), 26.052(b) and Water Code Secs. 49.107(g), 49.108(f)).
14	• Last day for CAD board to pass resolution to change CAD finance method, subject to taxing unit's unanimous consent (Sec. 6.061(a)). • Last day for CAD board to pass resolution to change number of directors, method for appointing, or both, and deliver the resolution to each taxing unit (Sec. 6.031(a)).
15	• Deadline for Comptroller's office to certify final PVS findings to Education Commissioner except as provided (Comptroller Rule Sec. 9.4317(d)).
30	• Date ARB must approve appraisal records for CADs in counties with populations of 1 million or more where the board of directors has postponed the deadline from July 20 (Sec. 41.12(c)(1)).
31	• If a tax bill is returned undelivered to a taxing unit by the United States Postal Service, a taxing unit must waive penalties and interest if the taxing unit does not send another tax bill at least 21 days before the delinquency date to the current mailing address furnished by the property owner and the property owner establishes that a current mailing address was furnished to the CAD for the tax bill before Sept. 1 of the year in which the tax is assessed (Sec. 33.011(b)(1)). • Last day taxing units may file resolutions with the CAD board to oppose proposed change in the CAD finance method (Sec. 6.061(a)). • Last day for taxing unit entitled to vote for appointment of CAD directors to file a resolution opposing a change by the CAD board in the number and selection of directors (Sec. 6.031(a)). • Deadline to file form with chief appraiser and collector to elect not to be treated as a motor vehicle inventory dealer for the next tax year, if eligible (Sec. 23.121(a)(3)(D)(iii)).

September

September	
1	• Date that taxable value of inventories may be determined at property owner's written option (Sec. 23.12(f)).
14	• Last day for CAD board to adopt CAD budget for the next year, unless a district has changed its fiscal year (Sec. 6.06(b) and (i)). • Last day for CAD board to notify taxing units in writing if a proposal to change a finance method by taxing units' unanimous consent has been rejected (Sec. 6.061(a)). • Last day for CAD board to notify taxing units in writing if a proposal to change the number or method of selecting CAD directors is rejected by a voting taxing unit (Sec. 6.031(a)).
29	• Last day for taxing units to adopt tax rate for the current year, or before the 60th day after the date the certified appraisal roll is received by a taxing unit, whichever is later. Failure to adopt by these required dates results in a unit adopting the lower of its no-new-revenue tax rate for this year or last year's tax rate; unit's governing body must ratify new rate within five days of establishing rate (Sec. 26.05(a) and(c)).
30	• Last day for taxing units' fourth quarterly payment for CAD budget for the current year (Sec. 6.06(e)).

October

October	
1	• Date tax assessor mails tax bills for the year (or soon after as practical) (Sec. 31.01(a)).

November

November	
30	• First half of split payment of taxes is due on or before this date (Sec 31.03(a)).

December

December	
1-31	• Time when appraisal office may conduct a mail survey to verify homestead exemption eligibility (Sec. 11.47(a)).
31	• Last day for taxing units' first quarterly payment for CAD budget for next year (Sec. 6.06(e)). • Last day for taxing units to take official action to tax goods-in-transit for the following tax year (Sec. 11.253(j)).

FRANKLIN COUNTY APPRAISAL DISTRICT

UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE

REAPPRAISAL REPORT SUMMARY OUTLINE

2025-2026

REAPPRAISAL PROGRAM REPORT

The purpose of this report is to aid the taxpaying public in obtaining a better understanding of the methods and techniques utilized by the Franklin County Appraisal (FCAD) in the valuation and reappraisal of taxable property within Franklin County. This report attempts to comply with Standard 6 of the Uniform Standards of Professional Appraisal Practice, effective January 1, 2007. A more detailed and comprehensive operations manual is also maintained by FCAD.

The Chief Appraiser is the chief administrative and executive officer of the Appraisal District. The Chief Appraiser 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 legal operations.

The Chief Appraiser's responsibilities are as follows:

1. Discover, list and appraise property;
2. Determine exemption and special appraisal requests;
3. Organize periodic reappraisals; and
4. Notify taxpayers, taxing units and the public about matters that affect property values.

The Franklin County Appraisal District consists of the following sections: Administration, Appraisal, Records, and Mapping. The Chief Appraiser may employ temporary services, legal services, consulting services or private appraisal services as needed to perform his duties. The Franklin County Appraisal District contracts with Pritchard & Abbott, Inc. for software services and for appraisal services for Mineral and Industrial properties. The Franklin County Appraisal District contracts with BIS inc. for deed processing, GIS mapping, & website maintenance. The Administration Department consists of the Chief Appraiser, Administrative Assistant and Senior Appraiser. This section is responsible for the entire operations of the district and carries out the administration responsibilities of the district exclusively. Those duties include those areas of responsibility found in Section 6.00 Tax Code. In addition, the Administration Section is responsible for: Residential, Commercial, Personal Property, Records, Mapping and the Appraisal Roll.

The district consists of one Chief Appraiser, 2-3 staff appraisers, one administrative assistant, and one front desk/customer service clerk.

PRELIMINARY APPRAISAL ROLL 2025

The 2025 preliminary appraisal roll for Franklin County includes a total of 26,173 parcels. These parcels are comprised of the following categories:

Category A Single Family Residential Property:	4,021
Category B Multifamily Residences:	21
Category C Vacant Lots:	5,379
Category D Qualified Agricultural Land:	5,548
Category E Farm and Ranch Improvements:	2,559
Category F Commercial Real Property:	333
Category G Oil, Gas, Minerals:	4,013
Category J Utilities	168
Category L Commercial Personal Property:	343
Category L2 Industrial Personal Property:	66
Category M1 Mobile Homes Only (no real property)	234
Category O Real Property Inventory:	38
Category X Totally Exempt Property:	3,516

(For most up-to-date numbers see most current certification)

CODE OF ETHICS

The Texas Department of Licensing and Regulations has adopted the following Code of Ethics to be shone and subscribed to by all those registered with the TDLR. The Code of Ethics is printed in a form prescribed by the TDLR and after being sworn and subscribed to by each applicant seeking registration is filed as a permanent portion of the record of each applicant for registration.

(1) I will be guided by the principle that property taxation should be fair and uniform, and I will apply all laws, rules, methods, and procedures in a uniform manner to all taxpayers.

(2) I will not accept anything of value from any party other than my employer unless acceptance of something is totally unrelated to my performance and duties as an appraiser, assessor, or collector.

(3) I will not use information received in connection with my duties as an appraiser, assessor, or collector for my own purposes or for my own gain, unless such information can be known by ordinary means to any ordinary citizen.

(4) I will not accept an assignment for which it is expected by any party that I will report a predetermined appraised value or that I will report other predetermined findings.

(5) I will not speak or act in any manner or engage in any practice that is dishonest, fraudulent, deceptive or in violation of law or generally accepted standards of morality.

(6) I will uphold the honor and dignity of the property tax profession.

RECORD KEEPING

Retention periods for documents including appeal records, appraisal cards, appraisal correspondence, appraisal field notes, appraisal monitoring documentation, appraisal rolls-amendments and notices, appraisal rolls and abstracts are required by the State of Texas. These requirements differ from the record keeping requirements of the USPAP; therefore, a **JURISDICTIONAL EXECPTION** applies. A copy of this retention period document as it applies to appraisal districts as well as a signed Certification and Acceptance sheet and a listing of the retention period codes are available upon request.

Pursuant to Local Government Code §203.041-Texas State Library and Archives Commission SLR 500 (2/93), original filing July 28, 1994, Page 6 of 45.

Administrative Law requirements for Property Tax see Texas Administrative Code.
http://www.sos.state.tx.us/tac/

EDUCATIONAL REQUIREMENTS

The Texas Department of Licensing and Regulation requirements for certification of appraisers consists of educational requirements under time allotments. Successful completions of educational courses as well as level examinations are mandatory. After appraisers have completed the Level 4 examination and the number of hours of experience has been met, a designation of RPA, Registered Professional Appraiser, is awarded. After they are awarded their license, continuing education credits must be completed during the 24-month period before the expiration of the license to earn the required 30 CE hours for Certified Appraisers (RPA).

In order to maintain their level of expertise, continue their education and keep abreast of new innovation in the industry, all employees of Franklin County Appraisal District attend conferences, workshops and meetings when these courses pertain to their job descriptions.

PROPERTY IDENTIFICATION

Franklin County Appraisal District field cards and appraisal records identify properties by account number, parcel number, address (when applicable), and current owner's name and property description. The parcel numbers are assigned by the computer system and are unique to the property. The numbers are assigned randomly by the computer system and the number stays with the property as long as that property is on the roll. The account numbers are twenty-one digits long and are assigned by the FCAD. These numbers may change to reflect undivided interest and other situational changes. Physical 9-1-1 address is listed when this information is known. Some properties such as unimproved land or buildings with rural routes

or box numbers may state only the street name since no physical address is known by the Appraisal District. Appraisers are constantly updating physical addresses, as they become available.

Due to limited space on the form, Franklin County Appraisal District field cards provide a brief property description only. This description may be a full legal description or it may be in abbreviated form. No metes and bounds description is reported on the appraisal cards. However, the Records Clerk retains deed records in electronic form obtained from the Franklin County Clerk, who maintains the official records for Franklin County. These detailed legal descriptions are then used to maintain and update the computer system records throughout the County and a copy is given to the Mapping Technician to update the digital parcel maps. Franklin County Appraisal District has a GIS County Map available online @ www.franklin-cad.org, and our GIS map is maintained by a third party vendor BIS.

VALUATION APPROACH

Market Value

Market value as defined by the Texas Property Tax Code differs from the definition used by USPAP. 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 the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restriction on its use; and
(C) 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.

The effective date of appraisal is January 1 with the exception of inventory, which may be appraised at its market value as of September 1 of the preceding year. To receive the September 1 appraisal date, a taxpayer must file an application with the Appraisal District by July 31.

The purpose of and intended use of the appraisals performed by FCAD is to estimate Market value for ad valorem tax purposes for the taxing entities it serves.

MARKET AREA ANALYSIS

The universe of properties appraised by FCAD generally falls within the physical boundaries of Franklin County. Franklin County is located in North East Texas and is bounded to the north by Red River County and on the East by Titus County, on the South by Wood County, and on the West by Hopkins County.

The largest city located in Franklin County is Mt. Vernon and it is also the county seat. Mt. Vernon is located in the central part of Franklin County at the intersection of Highway 37 and Highway 67. The city of

Winnsboro is located in the south-west portion of the county. Winnsboro is split by Franklin County and Wood County.

NEIGHBORHOOD ANALYSIS

A neighborhood is a group of complementary land uses affected equally by the four forces that influence property value: social trends, economic circumstances, governmental contracts and regulations, and environmental conditions. These factors have an impact on the value of properties within this grouping and in turn on properties being appraised.

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

APPRAISAL RESPONSIBILITIES

Franklin County Appraisal District currently values property for ad valorem tax purposes for a total of nine (9) separate taxing entities consisting of county, cities (2), school districts (5), and the Franklin County Water District.

Following is a list of the individual taxing entities served by Franklin County Appraisal District:

Franklin County

Mt. Vernon Independent School District

Saltillo Independent School District

Sulphur Bluff Independent School District

Rivercrest Independent School District

City of Mt. Vernon

Franklin County Water District

Winnsboro Independent School District

City of Winnsboro

HIGHEST AND BEST USE ANALYSIS

The highest and best use of real estate is defined as the most reasonable and probable use of land that will generate the highest return to the property over a period of time. This use must be legally permissible, physically possible, economically feasible, and the most profitable of the potential uses. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact. In order to complete the highest and best use analysis of a property, an appraiser must estimate its highest and best use as if the land were vacant. This estimate ignores the value of and the restrictions created by any existing improvements. It is the highest value the land could have if it were available for any legally permissible, physically possible and economically feasible type of development. In determining highest and best use, preliminary judgments are made in the field by appraisers. The appraisers are normally aware of zoning regulations within physical boundaries of the cities. Franklin County Appraisal District field cards contain information regarding lot size and frontage; therefore, appraisers normally make judgments on the physically possible uses of the sites in the field. Economically feasible and most profitable uses are determined by observing surrounding property. However, changes in property use require a more detailed and technical highest and best use analysis. These studies are usually performed in the office.

COLLECTION OF FIELD DATA FOR REAPPRAISAL

FCAD currently conducts a sectional reappraisal on an annual basis. During this reappraisal period properties within the county are re-inspected and updated at least once every three years. Each year approximately one-third of all properties have an on-site/visual inspection. Every year new properties are inspected, measured, and added to the appraisal roll. In addition, building permits throughout the County are obtained and changes to accounts are made as indicated. Individual properties are also reappraised due to changes to the conditions of the property in instances such as fire, remodeling, or an addition or demolition of a portion of the improvement. Appraisers will perform detailed field inspections of properties if requested by the owner.

The appraisers performing reappraisal in the field have access to a laptop computer that has the complete appraisal records including the appraisal cards that contain specific information regarding the property being appraised. The appraisers also print copies of the appraisal cards and use them in the appraisal process. These cards contain brief legal descriptions, ownership interests, property use codes, property addresses, land size, photos (where available), and sketches of improvements as well as detailed information of any improvements. A copy of a field card is available for any particular property upon request.

Reappraisal field inspections require the appraisers to check all information on the laptop computer and field cards and to update the information when necessary. If physical inspections of the property indicate changes to improvements are necessary, the appraiser notes these changes in the field, takes new

photographs, and makes the changes when he or she gets back to the office. Examples of types of changes that may be made are condition or age of improvements or additions to the improvements. New improvements or additions to the improvements are also added at this time.

MARKET ANALYSIS

Economic trends, as well as national, regional and local trends affect the universe of property appraised in Franklin County. An awareness of social, economic, governmental and environmental conditions is essential in understanding, analyzing and identifying local trends that affect the real estate market. Market analysis is performed throughout the year. Both general and specific data is collected and analyzed. See Appendix for breakdown.

Examples of sources of general data include “Trends” published by The Real Estate Center at Texas A&M University. “Valuation Insights & Perspectives” published by the Appraisal Institute, as well as financing information from local lending institutions. Information on zoning, demographics, labor statistics and transportation are also obtained from the incorporated cities and from the County Information Project. Chamber of Commerce information is also studied.

Sales information is received from various sources. These sources include the Tyler Area Multiple Listing service (MLS) when available, conversations with local real estate appraisers, agents and brokers. In addition to these sources, FCAD obtains data from the Franklin County Clerks’ Office on deed transfers. From the deed transactions, the District mails out sales letters sent to the Grantors and Grantees in an effort to obtain additional sales information that may be otherwise discovered. Texas Law does not provide for full disclosure and the district must obtain sales, income and expense data, and uses all the sources available.

DATA COLLECTION/VALIDATION

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

Local contractors and builders are another source of cost data utilized by FCAD. Local contractors provide cost data on new structures that is compared to cost information obtained from Marshall and Swift. Renditions are confidential sources and cannot be used for specific information; however, data from renditions may be compared with data obtained from cost manuals and used to tests schedules for their accuracy. FCAD Schedules are then formulated from a combination of each of these sources. Schedules may also be modified from market data (sales information).

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

Currently, single family residential dwellings are classified for quality of construction, Low Class to Excellent Class using a number system. Low Class is the most basic of structures and Excellent Class, consists of higher quality homes. Multi Family, Apartments and Mobile Homes also are also classed by quality. The type of exterior siding is also noted. Commercial and light industrial classifications are more detailed and are based on a variety of building styles and uses. A list of commercial building types is included in this report. Commercial classifications and their codes are available upon request from the district.

The age of buildings is based on effective age and is used to estimate depreciation. Effective age is the age the property appears to be due to maintenance and upkeep. Effective age for a house that is properly maintained may be its actual or chronological age; however, if a structure suffers from deferred maintenance due to neglect; its effective age may be older than the actual age. In contrast, if a house is an older structure and has been remodeled or updated, its effective age may be less than its actual age.

Depreciation is also estimated by condition of improvements. Condition ranges from poor, fair, average, good, and very good using a percentage. Appraisers in the field usually inspect structures from exterior perspectives. The interior condition is assumed to be similar to the exterior. Foundation failure may occur in varying degrees and may also result in loss of value. FCAD measures foundation failure with a percent adjustment basically starting at 5 percent and up depending on the severity of the problem. The most severe failure is adjusted by cost information from local foundation contractors who repair foundations using concrete piers or other appropriate processes.

Additional depreciation may be estimated for a variety of reasons including functional obsolescence resulting from a bad floor plan or out of date construction methods. Economic obsolescence results from a loss of value to a property due to adverse influences from outside the physical boundaries of the property.

Examples of economic obsolescence may be proximity to commercial or industrial property or heavy traffic patterns.

VALUATION ANALYSIS

FCAD valuation schedules are divided into three main classifications: Residential, Commercial, and Personal Property. These schedules are based on the most appropriate data available. Miscellaneous special categories such as mobile homes, special inventory, and agricultural land are appraised using different techniques, which will be addressed later in this report. Depreciation tables/schedules (loss of value schedules) are also included within these schedules. These tables are calibrated from cost data as well as sales data and are updated as needed. The Commercial Schedules are purchased from Marshal and Swift and are available for inspection upon request from the Appraisal District.

RESIDENTIAL SCHEDULES

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

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

1. Quality of construction: Residential construction may vary greatly in quality of construction. The type of construction affects the quality and cost of the material used, the quality of the workmanship, as well as the attention paid to detail. The cost and value of residential property will vary greatly depending on the quality of construction. As stated above, FCAD residential schedules currently class houses based on quality of construction from Low to Excellent in a numerical format. This classification is supported by Marshall and Swift Valuation Service which classifies houses according to the following categories; low quality; fair quality, average quality, good quality, very good quality and excellent quality.

2. Size of structure: The size of a building also has direct impact on its cost as well as its value. The larger the building, the less the cost per square foot. FCAD schedules are graduated in size increments from 100 to 200 square feet, depending on market conditions. Marshall and Swift Valuation Service also support this size factor.

3. Condition of Improvements: FCAD rates conditions as poor, fair, average, and very good in a percent good format. Properties that, in the opinion of the appraisers, are unlivable are appraised at 30% good or lower. They are appraised at a fair market or salvage value.

4. Age of Structure: FCAD's residential schedule uses 70-year depreciation scale. This method is supported by conversations with local appraisers and builders who estimate the economic life of residential properties to be approximately 70 years for effective age and chronological age may or may not be the same depending on the condition of the structure.

5. Extra Items: As stated above, extra items are valued according to their contributory value to the whole. Examples of extra items include patios, screened or enclosed porches, swimming pool, and in some instances fireplaces and fencing that is beyond the norm.

Land Value: FCAD values land based on market transactions. Units of comparison depend on how the property is purchased and marketed. For example, large acreage tracts are usually purchased based on the price paid per acre. Commercial tracts are purchased based on the price per square foot and in some cases by the front foot. Most residential properties are purchased based on the price per lot or by front foot. Depth factors are used to modify values according to market indicators. Land prices vary throughout the County; therefore, their values are dependent upon homogenous areas. Land schedules for residential, commercial, agricultural and industrial properties are available upon request from the Appraisal District.

The sales comparison model is a computer-generated adjustment grid from Pritchard & Abbott, Inc. This program has the capability of selecting comparable sales according to the property use, quality of construction, location size, condition and age. The comparable sales may be selected by the computer or manually selected by the appraiser. Adjustments are made in dollar increments and may be made for tract size, quality of construction, age of the improvements, condition of the improvements, functional adequacy, size of the improvements and for additional items. As previously stated, inspections of property are made by exterior perspective; therefore, interior finish as well as interior components are assumed and are not adjusted. All financing for comparable sales is considered typical to the market. The final estimate of value is a correlation of the comparable sales after net adjustments have been deducted from the sales price to equal the subject property. The value by this method is estimated by the appraiser and is not a function of the computer.

COMMERCIAL SCHEDULES

Commercial valuation schedules are market-modified, cost-based tables reflecting replacement cost new of the subject property. Market research indicates that the common unit of comparison for new, commercial construction is the price paid per square foot. The value of extra items is based on their contributory value to the property. This value may be estimated by the price per square foot or by a value of the item as a whole. These schedules were originally formulated from the cost of new commercial construction when the data was available, or in cases where cost data was not available, the schedules were tested against Marshall and Swift Valuation Service. The commercial schedule is based on type of construction, quality of construction, age of structure, condition of structure, contributory value of extra items and land value. The types of commercial buildings vary greatly depending on the intended use of the property. FCAD's commercial schedule currently values approximately 26 different types of buildings on schedule. The remaining categories are special use properties and are valued using Marshall & Swift Valuation Service.

PERSONAL PROPERTY SCHEDULE

The Personal Property schedule values furniture, fixtures, and equipment as well as inventories that are taxable by law. This schedule is based on cost less depreciation. The data to develop these schedules is compiled from various sources including cost manuals and acquisition information provided by the property owner. Sales information of personal property or inventory is difficult to obtain due to the lack of local organized database.

Current publications and sources of information for personal property include the following:

- Marshall and Swift Cost Manual
- Newspaper
- City directories
- Local Businesses
- Other appraisal districts
- Market Book on Machinery and Equipment, i.e. Green Guide (equipment cost)

STATISTICAL ANALYSIS

The use of statistics is a way to analyze data and study the characteristics of a collection of properties. In general, it is not feasible to study the entire population; therefore, statistics are introduced into the process.

Franklin County Appraisal District statistical analysis for real estate is based on measures of central tendency and measures of dispersion. The measure of central tendency determines the center of

distribution. The measures of central tendency utilized with the aid of the district computer system are the mean, median, mode and the weighted mean.

The measure of dispersion calculated is the coefficient of dispersion. This analysis is used to indicate spread from the measure of central tendency.

INDIVIDUAL VALUE REVIEW PROCEDURES

In order for comparable sales data to be considered reliable it must contain a sales date, sales price, financing information, tract size, and details of the improvements. Confirmation of MLS sales when available is considered reliable. Commercial sales are confirmed from the direct parties involved, including brokers. Confirmation of sales from local real estate appraisers is also considered reliable. Sales information indicates vacant land, subdivision lots, improved residential dwellings, commercial properties as well as industrial properties. Sales data is compiled and the improved properties are physically inspected and photographed. These sales are compared to the existing data on the field cards and changes are made as indicated. These changes include age and condition as well as any improvements made to the property before the sale takes place. When sales data indicates a difference in the improvement's square footage over 5%, the buildings are re-measured. These sales may indicate upward or downward trends in the market as well as changes in property uses. Multiple sales of the same property over a period of several years are usually reliable indicators of changes in the market for time. Individual sales are analyzed to meet the test of market value. Only arms-length transactions are considered. Examples of reasons sales may be deleted or not considered are:

1. Properties are acquired through foreclosures, auctions, or tax sales.
2. Properties are sold between relatives.
3. The buyer or seller is under duress and may be compelled to sell or buy.
4. Financing may be non-typical or below or above prevailing market rates.
5. Considerable improvements or remodeling have been completed since the data of the sale and the appraiser is unable to make judgments on the property's condition at the time of the transaction.
6. Sales may be unusually high or low when compared with typical sales located in the market area. Some sales may be due to relocation or through divorce proceedings.
7. Conversations with parties involved indicate that they believe they paid above or below current market value.
8. Individual investors purchase properties for immediate resale.
9. The property is purchased through an estate sale.
10. The sale involves personal property that is difficult to value.
11. There are value-related data problems associated with the sale; i.e., incorrect land size or square footage of living area.

12. Property use changes occurring after the sale date.

After the sales have been inspected and analyzed, dividing the appraised value of the property by its actual sales price derives a sales ratio. These ratios are used to estimate current values and are good indicators of any changes that may be taking place in the market. Statistical analyses and paired sales analyses are performed to update or modify schedules. The details of these analyses were discussed in the valuation section of this report.

Approximately 90% to 95% of the data received from all sources are single-family residential sales. The most reliable source is the MLS with an estimated 98% of the data being single family residential. Historically and currently, there are no accessible commercial databases located within the Franklin County area. Attempts to organize these services have met with little enthusiasm from local commercial and residential brokers as well as independent appraisers. This information is considered private. Therefore, reliable commercial sales data and in some instances residential sales data as well as income and expense information are difficult to obtain and is not generally available. The State of Texas is known as a non-disclosure state. The buyer and seller are under no obligation to report sales prices on deed transactions. Deeds filed typically state the consideration as “ten dollars and other consideration”.

PERFORMANCE TESTS

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

The ratio study usually begins in July and ends in January with all sales being compiled and run by school districts. Outliers and questions that were not identified in the field are reviewed and analyzed. Field cards indicating results of inspections are available for each individual sale to further aid the analysts in making decisions regarding outliers.

Outliers are characterized as having low or high ratios. They can result from an erroneous or unrepresentative sale price, an error in the appraisal or a mismatch between the property sold and the property appraised. The remaining sales are then correlated to indicate comparable neighborhoods within each school district. The sales from each comparable neighborhood are grouped (stratified) according to classification. The median ratio indicated by the sales is then compared to the desired ratio. The coefficient of dispersion is also studied to indicate how tight the ratios are in relation to the measures of central tendency. The median and coefficient of dispersion are good modifiers and is the predominant method of

adjusting sales for location and time to indicate market values. Market modifiers are methods of adjusting property to equal the market without changing the schedules.

STATEMENT OF LIMITED CONDITIONS

a. The Appraisal District will not be responsible for how matters of a legal nature affect property being appraised or title to it. The Appraisal District assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.

b. The Appraisal District has provided a sketch on the appraisal field card to show approximate dimensions of the improvements and the sketch is included only to assist the reader in visualizing the property and understanding the Appraisal District's determination of its size.

c. The Appraisal District employees will not give testimony in court because they have made an appraisal of the property in question unless specific arrangements to do so have been made beforehand.

d. Due to the large number of properties in Franklin County, time restraints and budget restraints, the Appraisal District's appraisal staff typically performs property inspections from an exterior perspective, the interior of the buildings is assumed to be similar to the condition of the exterior.

e. The staff obtains information, estimates, and opinions from sources that we consider reliable and believe them to be true and correct. The Appraisal District does not assume responsibility for the accuracy of such items that were furnished by other parties.

f. The Franklin County Appraisal District is a public agency and political subdivision of the State of Texas. Appraisal districts operate according to the Texas Tax Code enacted into law by the 66th Texas Legislature in 1979. Jurisdictional exceptions to USPAP (Uniform Standards Of Professional Appraisal Practice) may apply when these standards conflict with the Texas Tax Code.

g. Sales and expense data for commercial and industrial transactions are difficult to obtain due to the lack of organized databases in the County. This factor in conjunction with limited time and budgetary restraints experienced by the Appraisal District restricts or limits the use of the income approach to value.

h. Renditions and certain sales data received by the Appraisal District are confidential information and not open for public inspection. This information may only be disclosed in statistical forms that do not identify the specific property or specific property owner. Sales data is accessible to property owners only if the data was obtained without a confidential disclosure affidavit. All sales used to appraise a property are available for inspection by the property owner.

CERTIFICATON

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

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

The appraisal staff provided professional assistance to the persons signing this report for Franklin County Appraisal District as well as several appraisal service contractors. The appraisal services contractors include Pritchard & Abbott, Inc. This appraisal firm estimates values for complex industrial properties, utilities and mineral interests located within the appraisal district. (See Pritchard & Abbott, Inc. Mass Appraisal Summary Report available upon request from Franklin CAD.)

The following Staff appraisers provided significant assistance in the valuation of real and personal property within Franklin County Appraisal District. Russell McCurdy-RPA, CTA, CCA, -Chief Appraiser, Billy Dyson RPA-Appraiser, Josh Drupp level 2 Appraiser, & Audrey Weatherford Level 1 Appraiser. The appraisal assignment only pertains to appraising properties for ad valorem taxes.

I have made a personal inspection of all of the properties that are the subject of this report. However, staff appraisers have inspected the properties in the appraisal district to which this report is submitted. As of the date of this report we have completed the requirements under the continuing education program of the State Tax Code.

Russell McCurdy

Russell McCurdy, RPA, RTA, CTA

Chief Appraiser

Additionally, properties from the *TASK* reported will be reappraised. When possible, additional areas will be reappraised to provide greater coverage. Areas may be adjusted due to the use of Eagle View and other sources.

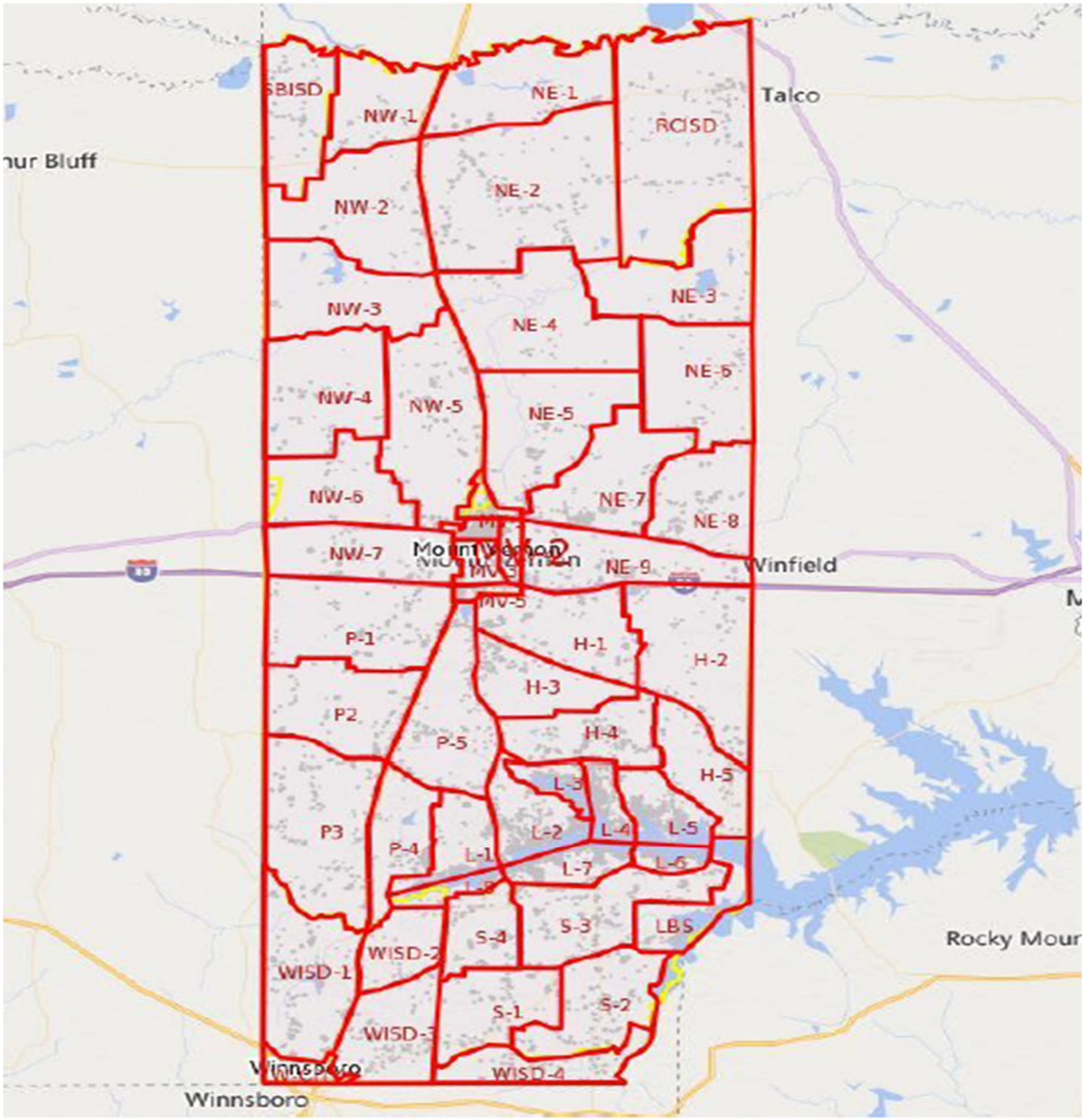
2024-2025 MAP ID for Re-Appraisal
Approximately 8,334 parcels

NE-1, NE-2, NE-3, NE-4, NE-5, NE-6, NE-7, NE-8, NE-9
NW-1. NW-2, NW-3, NW-4, NW-5, NW-6, NW-7
RCISD
SBISD
H-1, H-2, H-3, H-4, H-5
LBS
L-1, L-2, L-3, L-5, L-6

2025-2026 MAP ID for Re-Appraisal
Approximately 8,106 parcels

MV-1, MV-2, MV-3, MV-4, MV-5
P-1, P-2, P-3, P-4, P-5
S-1, S-2, S-3, S-4
WISD1, WISD2, WISD3, WISD4
WCITY
PB-1, PB-2, PB-3
LAKE FRANKLIN
L-4, L-7, L-8

FCAD MAP ID'S


SBISD
NW-1
NE-1
Talco
RCISD
nur Bluff
NW-2
NE-2
NW-3
NE-3
NE-4
NE-6
NW-4
NW-5
NE-5
NW-6
NE-7
NE-8
NW-7
Mount Vernon
MV-5
NE-9
Winfield
P-1
H-1
H-2
H-3
P2
P-5
H-4
H-5
L-3
P3
L-2
L-4
L-5
P-4
L-1
L-7
L-6
S-4
S-3
LBS
Rocky Mour
WISD-2
WISD-1
S-1
S-2
WISD-3
Winnsboro
WISD-4
Winnsboro