

Crosby Central Appraisal District

Mass Appraisal Report

Crosby Central Appraisal District 2021 Mass Appraisal Report Purpose

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

Purpose of Appraisals

The purpose of the appraisals completed by the Crosby Central Appraisal District Office was to estimate fair market value for ad valorem tax purposes only and the values generated by the office are to be used only by taxing jurisdictions in the county. The effective date of each of the appraisals is January 1, as defined by the Texas Property Tax Code (Sec. 1.04) as the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

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

The property rights appraised by the appraisal district are fee simple.

Assumptions and Limiting Conditions

The appraisals completed by the Appraisal District Office are subject to the following assumptions and limiting conditions:

1. Title to the property is assumed to be good and marketable and the legal description is correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. The appraisers developing these appraisals are not required to give testimony or attendance in court by reason of the appraisals, unless directly by, employed by and provided legal counsel by the Crosby Central Appraisal District.
4. All properties are appraised in fee simple interest in accordance with Texas Property Tax Code Section 25.06. (Jurisdictional exception to Standards Rule 6-4 (c) and 6-5 (c) Of (USPAP)

5. All sketches in the appraisal records are intended to be visual aids with rounded measurements and should not be construed as surveys or engineering reports, etc.
6. All information in the appraisal documents have been obtained by members of the Appraisal District staff or other reliable sources.
7. The appraisal staff has inspected, as permitted, by observation, the land, and the improvements thereon; however, it is not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made as to these matters, unless specifically considered in an individual appraisal.
8. All interior inspections are performed at the property owner's request by appointment. All other inspections performed are external and assume the quality, condition and desirability of the interior are approximately equal to that of the exterior, unless otherwise known.
9. Agricultural land is appraised at market value using a market data model based on market sales information. However, it may also be subject to appraisal using an income model specified in Section 23, Sub-chapters C, D, and E of the Texas Property Tax Code. (Jurisdictional Exception to 6-4 (b) of USPAP)
10. Subsurface rights (minerals and oil) are not considered in making these appraisals.
11. Due to the lack of readily available zoning information from various sources the highest and best use for a property is normally considered to be its current use. However, when zoning information is submitted by the property owner, that information is considered in making the determination of highest and best use.

Responsibilities

The appraisal district is responsible for appraising property in the district for ad valorem tax purposes for each taxing unit that imposes ad valorem taxes on the property in the district. CCAD serves the public and nine taxing entities of Crosby County. Taxing entities in Crosby County are composed of 3 school district, 3 cities, the county, and two special districts, Crosby County Hospital District, and High Plains Water District. We have 2 districts that extend into two neighboring counties, Lubbock, and Garza, and one school district in another county that has overlapping properties in Crosby County.

Organizational Structure

The Crosby Central Appraisal District was created by the Texas Legislature. CCAD appraises property and prepares assessments of real and personal property taxes for nine entities in Crosby County, Texas. CCAD is a political subdivision of the State of Texas. The appraisal district is governed by an eight-member board of directors. The board appoints the chief appraiser who serves at the pleasure of the board. The board also approves the budget and sets policy. The chief appraiser is the chief administrator of the appraisal district and may employ and compensate professional, clerical, and other personnel as provided by the budget. The chief appraiser may delegate authority to their employees. CCAD currently has four employees, chief appraiser, two appraisers and one collection clerk. All appraisers are required to be registered with the Texas Department of Licensing and Regulation (TDLR). The TDLR registration requires that each appraiser must successfully complete a five-year educational program and pass a required number of course hours within a specified time. Additionally, all appraisers must pass review exams at levels three and four of the certification program. After successfully completing the required curriculum and approval of a demonstration

appraisal, an appraiser is awarded the designation of Registered Professional Appraiser (RPA). There is also a requirement of continuing education units every two years to recertify the RPA designation. CCAD currently has one (1) certified appraiser on staff and one (1) employee registered with TDLR working towards their certification. The CCAD appraisal staff stays abreast of current trends affecting property through review of published materials, attendance at conferences, course work, and continuing education. Appraisers are responsible for the discovery, listing, and appraisal of all types of property within the appraisal district boundaries.

Philosophy Statement

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

Physical Re-inspection

During each year, several parcels are physically re-inspected by members of the Crosby Central Appraisal District staff. The purpose of the re-inspection is to correct errors to ensure the continued accuracy of the records. The current three-year re-inspection cycle was completed in 2019 for Crosbyton CISD, 2020 for Ralls ISD, and in 2021 the appraisal district staff conducted a reappraisal and inspection of all properties in Lorenzo ISD. To ensure accuracy of the re-inspection a quality control program is in place at the district. At least five percent of the parcels are re-inspected by a supervising appraiser to ensure that the data is correct. Each property has a unique parcel identification number and a property description. The property description is the official legal description for the parcel. Individual sketches are drawn for each parcel unless otherwise noted. A property record card or inventory sheet is available for each parcel detailing the information that has been collected on that parcel. The following summary reports are presented to be more specific about the appraisal of various property types within Crosby Central Appraisal District.

Single Family Residences 2021 Summary Report Overview

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

Assumptions and Limiting Conditions

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

1. The Crosby Central Appraisal District's staff has physically inspected all single-family residences in Crosby County and normally re-inspects these properties every three years. Interior inspections have not been done on many of the properties in the county because (1) most residential owners are not at their residence during

regular business hours, (2) permission to inspect is not always granted, (3) the safety of the appraiser may be in question, and (4) respect for privacy rights of the property owner should be exercised.

2. The opinion of value for each single-family property applies to land and improvement only. The value of personal property of an owner has not been included with the value of the real estate. The only personal property that is valued as an improvement only is a manufactured home where the owner of the home does not own the land. See Sec. 11.14(a) of the Texas Property Tax Code.

3. Residential real property inventory as defined by the Texas Property Tax Code in Section 23.12 shall be considered as inventory and the market value shall be the price for which it would sell as a unit to a purchaser who would continue the business. (Jurisdictional exception to Standard Rule 6-4 (b) of USPSP)

Data Collection and Validation

Two basic types of data are collected: data which is specific to each property and data which is indicative of a particular class of property that has been predefined by CCAD. Property-specific data is collected as part of the inspection process and through submission by the property owner. As part of the inspection process, the improvements are measured and classified. The appraiser also estimates the effective age and condition of the improvements. Any additional or unusual features are also noted at the time of inspection. Data on individual properties is maintained on the appraisal card(s) for that property. Data on individual properties is verified through previously existing records, published reports, building permits, analysis of comparable properties, and through submission by the property owner. Appraisal cards are available for review at the appraisal district office. Data pertaining to a class of properties is grouped together according to the differing quality levels, and then used to develop models for each property class. Such data is collected in a variety of ways. Cost information is obtained from nationally recognized sources, local contractors, new construction permits, mechanics liens, reliable sources of new property sales, and from renditions submitted by owners. All local information is used to verify, supplement, or modify costs from these published sources. Renditions are confidential submissions by property owners and cannot be used for other properties. However, data from renditions may be compared with data obtained from cost manuals to test their accuracy. Market sales information is collected through a variety of sources including surveys of buyers and sellers, deed records, and from local real estate professionals.

Valuation Approach and Analysis

Improvements are appraised using replacement cost new less depreciation models.

Replacement costs are estimated from published sources, other publicly available information, and comparable properties. Depreciation is calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence, and the experience of knowledgeable appraisers. Adjustments for functional and economic obsolescence may be made if diminished utility and comparable sales are found to justify such. A market data model based on typical selling prices per unit of area is also used when appropriate sales information is available. Land values are based on selling prices for the appropriate highest and best use of the site, and as though it were vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use

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

Review and Testing

Field review of appraisals is performed through the regular inspection of subject properties. A computer assisted statistical review of property value changes is also conducted. Ratio studies are performed and are the preferred method for measuring performance. The results of the performance measures used indicate the validity of the appraisal models used. All appraisers perform ratio studies within the district and review and assist each other in adjusting models to current market information. Performance is also measured through comparison with valid single property appraisals submitted for staff review. Appraisal results are also tested by the Property Tax Assistance Division of the Texas Comptroller's Office. Appraisal methods and procedures are also reviewed by the Property Tax Assistance Division.

Multi-Family Properties 2021 Summary Report

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

Assumptions and Limiting Conditions

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

1. For multi-family properties only, the market value stated is for land, improvements, and the personal property common to the classification and economic area. The business personal property value is insignificant to the overall value.
2. Crosby CAD staff physically inspected apartment complexes for the tax year 2021 in Lorenzo ISD. Duplex properties are inspected by appraisers as they field inspect residential property, typically once every three years.
3. For a multi-family property that is used to provide affordable housing the property is appraised to comply with Texas Property Tax Code Section 23.22 (Jurisdiction exception to Standard 6-2(d) of (USPAP)

Data Collection and Validation

Two basic types of data are collected: data which is specific to each property and data which is indicative of a particular property class that has been predefined by CCAD. The property appraised has multi-family use. This classification of properties includes apartment complexes and duplex properties. Properties of this classification are discovered, and their characteristics recorded during periodic field inspections, investigation of building permits issued through political entities, and investigation of mechanic liens recorded with the county clerk. Geographically, these properties are located throughout the county. Specific property data is collected at the time of inspection or re-inspection and through submissions by property owners. Characteristics of a specific property's physical improvements and amenities are recorded and stored electronically and may be printed on an appraisal card(s). Appraisal cards are available for review at the district office. Sales data is taken from deed records, local real estate professionals, written appraisal reports, and telephone contact with principals. Sales are validated with the principals when possible. Sales data for properties is account-specific and retained electronically. General market data is gathered from multiple sources. Environmental, economic, political, and social influences vary geographically and by

property use. Apartment properties were assigned a comparative classification in the inspection process. Duplexes are classed in compliance with predefined classing criteria.

Valuation Approach and Analysis

Based on the principal of substitution, land values are determined by selling prices for similarly positioned functional tracts. Sites are analyzed for highest and best use as though they were vacant. Highest and best use of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact. New apartment construction is valued based on actual cost, when available. If actual costs are not available, national cost manuals are compared to the estimated cost on the building permit.

Duplex properties are appraised by market adjusted cost models. Property classifications are delineated, and each classification's descriptive characteristics are set forth in CCAD appraisal manuals. Sales ratio studies are generated for each school district and classification. Neighborhood adjustments are applied as necessary and individual properties are reviewed for reasonableness.

Review and Testing

Field review of appraisals is performed through the regular inspection of subject properties. A computer assisted statistical review of property value changes is conducted. Ratio studies are reviewed for level of appraisal (measurements of central tendency and dispersion), bias, and appropriateness of neighborhood boundaries. Results of the performance measures used to indicate the validity of the appraisal models. Preliminary values are reviewed in consideration of classification and neighborhood. Value indications are compared to renditions and valid single property appraisals submitted for staff review. Final value recommendations are tested for reasonableness by performing a sales ratio study and, individually, during the appeal process. During the appeal process, property specific income and expenses are reviewed for reasonableness and values are adjusted, as necessary. Appraisal results are tested by the Property Tax Assistance Division of the Comptroller of Public Accounts for the State of Texas. Appraisal methods and procedures are also reviewed by the Property Tax Assistance Division.

Commercial Property 2021 Summary Report Overview

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

Assumptions and Limiting Conditions

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

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

Data Collection and Validation

Two basic types of data are collected: data which is specific to each property and data which is indicative of a particular class of property that has been predefined by CCAD. Property-specific data is collected as part of the inspection process and through submission by the property owner. As part of the inspection process, the improvements are measured and classified. Properties are classified according to construction type and quality. The appraiser also estimates the effective age and condition of the improvements. Any additional or unusual features are also noted at the time of the inspection. Data on individual properties is maintained on the appraisal card(s) for that property. The data includes legal description, situs, owner address, parcel number, and the property-specific information such as class, quality, measurements, condition, etc. Data on individual properties is verified through previously existing records, published articles and reports, building permits, mechanics liens, analysis of comparable properties, and through information obtained from the property owner. Appraisal cards are available for review at the appraisal district office. Data pertaining to a class of properties is used to develop valuation models for that property class. Such data is collected in a variety of ways; cost information is obtained from nationally recognized sources, as well as from new construction permits, mechanics liens, local contractors, reliable sources of sales on new property, and renditions submitted by the property owners. Cost information on newly constructed improvements is also used to verify and/or modify costs from published sources. Renditions are confidential submissions by property owners and cannot be used for their properties. However, data from renditions may be compared with data obtained from cost manuals to test their accuracy. Market sales information is collected through surveys of buyers and sellers in addition to real estate publications, reports, and public records.

Valuation Approach and Analysis

Land values are based on selling prices for the appropriate highest and best use of the site analyzed as though vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact. Improvements are valued using replacement/reproduction cost new less depreciation. Cost tables are constructed using published sources as a guide and adjustments are applied using local market information. Adjustments are also applied for functional and economic obsolescence if utilization, sales, and income information warrant. An income approach is also used when economic and/or subject property income information is available. A market date model based on typical selling prices per unit of similar properties is used when sufficient information is available. The cost approach to value is most accurate and reliable when appraising new construction. In older areas or areas of transition, cost is calculated and considered. However, due to the difficulty of measuring accrued depreciation, more weight is applied to the market and income approaches.

Review and Testing

Field review of appraisals is performed through the regular inspection of subject properties. A computer-generated statistical review is also conducted. The statistical report includes appraisal to sales ratio,

coefficient of dispersion, and other statistical measures. The performance measures used validate the results of the appraisal model. Appraiser's review and assist each other in adjusting models to current market information. Although the ratio study is the preferred method of measuring performance, single property appraisals submitted to the appraisal staff are also reviewed for appraisal accuracy. The appraiser reviews the submitted appraisal report. Appraisal results are tested by the Property Tax Assistance Division of the Texas Comptroller's Office. Appraisal methods and procedures are also reviewed by the Property Tax Assistance Division. Crosby Central Appraisal District contracts with Capitol Appraisal Group, Inc. for the annual reappraisal of some real property in the commercial and industrial property types. Capitol Appraisal Group, Inc. primarily appraises special purpose real properties that are subject to review by CCAD. Crosby Central Appraisal District also contracts with Capitol Appraisal Group, Inc for the reappraisal of all mineral properties within the Crosby Central Appraisal District. The summary reports of Capitol Appraisal Group, Inc. for compliance with Standards 6-7 of USPAP are attachments to this document.

Business Personal Property 2021 Summary Report Overview

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

Assumptions and Limiting Conditions

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

1. Crosby Central Appraisal District staff does not personally inspect every business each year. Re-inspection schedules for business personal property are as follows: (1) Business are driven to see if they are still in business (2) New businesses that are not conducted from residential locations are visited before they are placed on the roll.

Data Collection and Validation

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

Valuation Approach and Analysis

Personal property as defined by the Uniform Standards of Professional Appraisal Practice is "identifiable, portable and tangible objects which are considered by the general public to be 'personal', e.g., furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment: all property that is not classified as real estate." Property Tax Code Sec 1.04(5) defines tangible personal property as "personal property that can be seen, weighed, measured, felt, or otherwise perceived by the senses but does not include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right and has negligible or no intrinsic value." The Texas Property Tax Code Section 1.04(4) defines personal property as "property that is not real property." The purpose of the appraisals of business personal property is to estimate market value on

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

A. Sec 23.12(f) allows some inventories to qualify for appraisal as of September 1 of the year before January 1 of the taxable year.

B. Sec 23.121, 23.127, 23.1241, and 23.12D dictate that dealers in new and used vehicles, vessels, outboard motors and trailers, manufactured housing, and heavy equipment be valued differently. (Jurisdictional exception to Standard Rule 6-3 (b) & (c))

C. Sec 23.12(a) covers the inventories of remaining businesses. Personal property is appraised using original cost less depreciation models. Depreciation is calculated on the age/life method using typical economic lives and depreciation creates based on published sources, market evidence, and the experience of knowledgeable appraisers. Adjustments for functional and economic obsolescence may be made if utilization for the subject property justifies such. In the case of some personal property types, such as licensed vehicles and aircraft, market data from published pricing guides is used to construct a market value model. In other cases, models are based on quality and density information available through private sources. These models are cost based.

Review and Testing

Field review of appraisals is performed through the inspection of subject properties. A computer assisted statistical review of property value changes is also conducted. Sales for most types of personal property are infrequent. Furthermore, many market transactions occur for multiple sites and include both real and personal property, tangible, and intangible, thereby making analysis difficult, subjective, and inadequate to develop statistical analysis. Performance is measured through comparison of like businesses as well as applying quality and density models to units of comparison. Performance is also measured through comparison with valid single-property appraisals submitted for staff review. Crosby Central Appraisal District appraisal methods and procedures and values are subject to review by the Property Tax Assistance Division of the Texas Comptroller's Office. Crosby Central Appraisal District contracts with Capitol Appraisal Group, Inc. for the annual reappraisal of some business personal property. Capitol Appraisal Group, Inc. primarily appraises special purpose personal property that is subject to review by Crosby Central Appraisal District. The summary reports of Capitol Appraisal Group, Inc. for compliance with Standards 6-7 of USPSP are attachments to this document.

Certification

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

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

-the reported analyses, opinions and conclusions developed by the appraisal district staff are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.

-no member of the appraisal district staff has a present or prospective interest in the properties that are appraised annually, except those properties that are personally owned by an individual appraiser and have no personal interest or bias with respect to the properties appraised.

-the appraisal staff's compensation is not contingent upon the reporting of a predetermined value.

-the analyses, opinions and conclusions developed by the appraisal district office have been prepared in conformity with Standard 6 of the Uniform Standards of Professional Appraisal Practices.

All the properties appraised have been personally inspected by a member of the appraisal staff within the re-inspection cycles outlined by the property valuation division of the Texas Property Tax Code in accordance with Texas statutes.

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

Gary Zeitler, RPA, RTA, Eagle Appraisal & Consulting

Ashley Mayfield, RPA, Capitol Appraisal Group, Inc.

Kenneth Hitt, RPA, Capitol Appraisal Group, Inc.

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