

MUNICIPALITY:

Bath, ME

Date of Value: April 1, 2019

ASSESSMENT SERVICES PROVIDED:

Real Property Revaluation



TABLE OF CONTENTS

SECTION A- Introduction

- Client and Intended Users
- Intended Use of the Appraisals
- Effective Date of Appraisals and Report
- Properties Appraised
- Properties Rights
- Type and Definition of Value
- Scope of Work
- Assumptions and Limiting Conditions
- Highest and Best Use and Present Use
- Certification

SECTION B – Valuation Premises and Procedures & Residential Valuation Methodology

SECTION C – Grading Adjustment Methodology

SECTION D – Residential Valuation Reports

Sales Ratio Studies by:

4/1/2017-3/31/2019

- Land Use Code
- Style
- Land Neighborhood
- Sale Price Quartile
- Sale Date Quartile
- Residential Grade
- Lot Size
- Building Size
- Waterfront
- Condominium Complex

4/1/2018-3/31/2019

- Land Use Code
- Style
- Actual Year Built
- Land Neighborhood
- Condominium Complex

SECTION E – Land Tables

- Land Use Codes
- Land Neighborhood Adjustment Codes
- Land Site Index Table
- Special Land Calculation Code

SECTION F – Building Tables

- Cost Group Rates
- Sub Area Codes
- Outbuilding Codes
- Extra Feature Codes
- Allowable Construction Entries
- Data Collection information

SECTION G – Commercial/Industrial/Apartment Valuation Methodology

- Market Rent Schedule
- Income Adjustments
- Cap Rate Schedule
- Band of Investment Detail
- Commercial Sales
- Income/Cost Comparison Report
- Economic Income Spreadsheet
- Cost/Income Correlation Report
- Income Detail Review

SECTION A ***INTRODUCTION***

CLIENT AND INTENDED USERS

The client is the City of Bath, ME. The intended user is the Bath Assessors Office.

INTENDED USE OF THE APPRAISALS

The intended use of the appraisals is to complete a full revaluation of all real properties for ad valorem tax valuation in the City of Bath.

EFFECTIVE DATE OF APPRAISALS AND REPORT

The effective date of the appraisals is April 1, 2019. The date of the report is August 13, 2019.

PROPERTIES APPRAISED

The City of Bath contracted Vision Government Solutions to value all the real property in the community for April 1, 2019.

PROPERTY RIGHTS

The property rights appraised are the owner's marketable rights in the appraised properties, which in this case is the Fee Simple Estate. This form of ownership is marketable to a potential buyer. Fee Simple Estate is defined as:

Absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

TYPE AND DEFINITION OF VALUE

The properties appraised for the Town were valued based on their market value or fair cash value. This is defined below:

Market Value: Market value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current definition adopted by the Appraisal Institute in 1993 is:

The most probable price, which a specified interest in real property is likely to bring under all the following conditions:

1. Consummation of a sale occurs as of a specific date.

2. An open and competitive market exists for the property interest appraised.
3. The buyer and seller are each acting prudently and knowledgeably.
4. The price is not affected by undue stimulus.
5. The buyer and seller are typically motivated.
6. Both parties are acting in what they consider their best interest.
7. Marketing efforts were adequate and a reasonable time was allowed for exposure in the market.
8. Payment was made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing, or sales concessions granted by anyone associated with the sale.

SCOPE OF WORK

In appraising all the properties in the City of Bath, June Perry has completed procedures, analyses and conclusions to determine a value opinion. The following staff assisted in reviewing the interior/exterior of the properties and in the analysis of sales, and income and expense data.

Steve Whalen
Steve Ferreira
Stephan Bourque
Jim Williams
Nancy Pinette
Sheryl Clifford
William Downs

The following contains a brief outline of this process.

- Obtained information from public and private sectors regarding economic trends, external factors, vacancy rates, real estate tax assessments and rates, zoning, flood plain, site data, improvement data, income and expenses.
- Gathered, completed an external and interior inspection of sold properties, (where allowed by owners), and verified improved and vacant sales as well as rental data in the City of Bath for the timeframe of 04/01/2018 to 03/31/2019.
- Analyzed this information to determine the highest and best use, and to arrive at conclusions of value considering the three recognized approaches. These are the Cost Approach, Sales Comparison Approach and the Income Capitalization Approach.
- The valuation conclusions were reconciled to determine a final opinion consistent with market value. All pertinent factors, physical, legal and financial were considered in the value determinations.

ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the appraiser in the report.

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the properties are assumed to be good and marketable unless otherwise stated. Responsible ownership and competent property management are assumed.
2. No survey was furnished, so the appraiser used the town's tax map and the legal description to ascertain the physical dimensions and acreage of the properties. The appraiser has made no survey of the property.
3. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or appear in court with reference to the properties in question, unless arrangements have been previously made.
4. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.
5. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no warranty is given for its accuracy.

6. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute and IAAO with which the appraiser is affiliated.
7. Possession of this report, or a copy thereof, does not carry with it the right of publication.
8. Neither all nor any part of the contents of this report shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
9. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
10. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been stated, defined, and considered in the appraisal report.
11. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government of private entity or organization have been or can be obtained or renewed for any use on which the value opinions contained in this report is based.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
13. Any value estimates provided in the report apply to the entire property, and any pro-ration or division of the total fractional interests will invalidate the value opinion, unless such pro-ration or division of interests has been set forth in the report.
14. Information relative to sale transactions has been confirmed by either the buyer, seller, or a third party when ever possible through verification forms sent out by the assessor's office and also through the properties deed. Every attempt has been made to verify this information by the appraiser and it is assumed to be reliable. It is specifically assumed that the sales information noted herein is correct.
15. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the properties, unless noted on the property record card. The appraisers, however, is not qualified to detect substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the properties. The value opinion is predicated on the assumption that there is no such material on or in the properties that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering

knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

16. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions. However, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatory of the report.
17. Opinions of values contained herein are estimates. There is no guarantee, written or implied, that the properties will sell or lease for the indicated amounts.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not they are in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the properties together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the properties. Since the appraiser has no direct evidence relating to this issue, the appraiser did not consider possible noncompliance with the requirements of ADA in estimating the values of the properties.
19. The properties are appraised free and clear of any or all liens or encumbrances unless otherwise stated.

HIGHEST AND BEST USE AND PRESENT USE ANALYSIS

Highest and best use is defined as follows:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

To determine highest and best use, four factors are considered:

- (1) What uses are physically possible?
- (2) What uses are legally permissible?
- (3) Which of the physically possible and legally permissible uses are financially feasible?
- (4) Which of the financially feasible uses will produce the highest present worth?

CERTIFICATION OF VALUE

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the properties that are the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisals.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have not made a personal inspection of all the properties that are the subject of this report. The following appraisers assisted in inspecting the interior and exterior of the sale properties and/or in the analysis of sales, and income and expense data.

June Perry
Steve Whalen
Steve Ferreira
Stephan Bourque
Jim Williams
Nancy Pinette
Sheryl Clifford
William Downs

SECTION B
VALUATION PREMISE AND PROCEDURES &
RESIDENTIAL VALUATION METHODOLOGY

Description of Basic Valuation Theory and Mass Appraisal:

Basic Valuation Theory:

- 1) The appraiser's first task is to identify what property is being appraised. This includes not only the physical aspects of the property, but the property rights as well.
- 2) There are six basic property rights associated with the private ownership of property, these include: 1) the right to use, 2) the right to sell, 3) the right to lease or rent, 4) the right to enter or leave the property, 5) the right to give away, and 6) the right to refuse to do any of these. These, and other rights, are known as the full "bundle of rights", which is understood to be attached to an ownership with "fee simple" title.
- 3) The next step is to identify the "highest and best use" of the property. Refer to the preceding discussion, as well as the discussion on highest and best use in the preceding "Assumptions and Limiting Conditions" section.
- 4) Once the highest and best and use has been determined, the appraiser begins the process of data collection, studies the market and accompanying economic forces (such as "supply and demand") that pertain to the highest and best use, and assembles the relevant data and statistics for incorporation into the analysis.
- 5) Strategies for data collection will vary with the type of data being sought, and may not be the same for every property "use". Overall, the comparative data,

which may include descriptions and/or confirmations of physical attributes (such as total size, number of bedrooms, presence of a finished attic or basement, etc.) cost, income and expense, and details of sale or transfer information are collected, if applicable.

6) At this point, neighborhood boundaries can be established in order to “stratify” the properties and the property-specific factual information collected in the field, and the statistical information pertaining to the market/economic forces that impact an area in a meaningful and cohesive way.

7) This market-derived information, such as sale information, improvement costs and depreciation is then entered into the Municipality’s CAMA (Computer Assisted Mass Appraisal) system, and forms the basis for the database “tables” that enable the CAMA system to generate specific property values.

8) There are primarily three “approaches” or analytical techniques utilized to develop an opinion of value, and these techniques are incorporated into the CAMA system.

9A) The first valuation technique is referred to as the “Sales Comparison Approach”, and is based on the premise that the appraiser can utilize sale prices of similar properties as evidence of value. In other words, assuming similar market conditions (supply and demand) a similar property would sell for a similar price. However, because no two properties are ever exactly alike, and market conditions can change, a systematic series of “adjustments” are made to the sale property in order to bring it into conformity with the appraised property. In the context of mass appraisal performed for assessment purposes, the “appraised” property begins with a “generic” property description that is utilized to establish a “baseline” for comparing similar properties. For instance, a “single-family residential ranch-style home, approximating 2,000 square feet, three-bedrooms, two-baths, and of average quality construction and condition.” The sales are then compared and adjusted in order to isolate the various market factors and baseline

parameters that are then applied to the specific properties being assessed. Overall, the Sales Comparison Approach is based upon the principle of “substitution”, which assumes that when several similar properties are available the property with the lowest price will attract the greatest demand.

9B) The “Cost Approach” is based on the concept that the likely value of an existing property is the value of the underlying land plus the replacement cost of the depreciated improvements. Typically, a Cost Approach would not be utilized for an appraisal of vacant land. The replacement cost of the improvement is typically derived from published cost tables, or derived directly from localized information, and should be updated as required by market conditions. Importantly, the assessor typically evaluates the existing improvement on the basis of its “utility” and function, rather than attempting to duplicate or exactly “reproduce” the assessed property. Similar to the Sales Comparison Approach, the Cost Approach is also based upon the principle of “substitution”.

9C) The “Income Approach” is based upon the principle of “anticipation” which recognizes that value is created by the owner’s expectation of future benefits. Typically, these benefits are anticipated in the form of income, and/or in the anticipated increase in the property’s value over time. This technique requires that the appraiser estimate the potential gross market income for the property at its highest and best use, subtract all appropriate expenses to derive the net operating income. The net operating income is then divided by a “capitalization” rate, or the market-derived rate investors would expect on alternative investments that share the same degree of risk as the appraised property. A simplified income approach is structured as follows:

Annual Potential Gross Income

5 apartments @ \$1,000/month =	\$60,000
Annual Vacancy Rate = 5% annually =	<u>(\$3,000)</u>
Annual Effective Gross Income =	\$57,000
Annual Expenses =	<u>(\$23,000)</u>

$$\begin{aligned}\text{Net Operating Income} &= \$34,000 \\ \text{Capitalization Rate} &= 10\% \\ \text{Property Value} &= \$34,000 / 10\% = \$340,000\end{aligned}$$

- 9) Completion of all three of the preceding independent approaches to value is preferable, since each independent approach provides a useful “test of reasonableness”, and more such tests are preferable to fewer such tests. However, it is not always possible to complete a specific approach due to the unavailability of meaningful data. Finally, the different values reached by independent techniques are “reconciled” by evaluating both the quality of the information utilized in each approach, and a final opinion of value is selected.

Mass Appraisal:

- 10) Mass appraisal utilizes many of the same concepts outlined above. However, in light of the necessity to attach values to multiple properties, as opposed to a single property, mass appraisal emphasizes data management, statistical valuation models and statistical quality control. In regard to the statistical modeling required, typically the utilization of an automated valuation model (AVM), also referred to as Computer Assisted Mass Appraisal (CAMA) software is required. The CAMA or AVM is a mathematically based computer software program that produces an estimate of market value based on market analysis of location, market conditions, and real estate characteristics from information that was previously and separately collected. The distinguishing feature of CAMA or AVM software is that it is a market appraisal produced through mathematical modeling. Importantly, as in most if not all data processing systems, the credibility of the results is highly correlated with the quality of the input data utilized, and the skills of the assessor or analyst utilizing the CAMA or AVM software.

- 11) Therefore, a mass appraisal system generally relies upon four primary “subsystems” that include: 1) a data management system, 2) a sales analysis

system, 3) a valuation system, and 4) an administration system. Each subsystem is briefly described below:

12A) The Data Management system is the core of the mass appraisal system and should be carefully designed and implemented. Fundamentally, the data management system is responsible for the data entry and subsequent editing, as well as the organization, storage and security oversight of the data. Essential to the data management system is quality control, as the reliability of the data will have a direct and profound impact on the quality of the resulting output and values.

12B) The Sales Analysis subsystem is responsible for the collection of sale data, sale screening, various statistical studies and sales reporting. The following statistical techniques are utilized to calibrate and fine-tune the data assumptions:

“Ratio”: refers to the relationship between the appraised or assessed values and market values as determined by a review of sales. The ratio studies, which are the primary product of this function, typically provide the most meaningful measures of appraisal performance and provide the basis for establishing corrective actions (re-appraisals), adjusting valuations to the market, and in administrative planning and scheduling.

“COD”: or “Coefficient of Dispersion”, is another important statistical tool utilized in mass appraisal, and refers to the average percentage deviation from the median ratio. As a measure of central tendency, the COD represents the degree to which the data being analyzed clusters around a central data point, such as the median ratio.

“PRD”: or “Price-Related Differential”, is calculated by dividing the mean by the weighted mean. A PRD greater than 1.03 indicates assessment regressivity (when high-value properties are assessed lower, or

disproportionate to, than low value properties). A PRD lower than 0.98 indicates assessment progressivity (when high-value properties are assessed higher, or disproportionate to, low-value properties).

12C) The Valuation System generally comprises the statistical application of the three approaches to value (identified in the preceding section). For instance, utilization of the Sales Comparison Approach includes a statistical analysis of current market sales data. The Cost Approach would utilize computerized cost and depreciation tables, and reconciliation of these computerized cost-generated values with market-derived sales information. The Income Approach can utilize computer-generated income multipliers and overall capitalization rates. The Valuation System is also utilized to extract adjustments and/or factors that are utilized in the development of values.

12D) The Administrative System includes such core (often automated) functions as development of the property record cards and assessment roll or property tax base, the preparation of the tax notices, and retention of the appeals and other miscellaneous property files.

Period of Time Associated with Sales/Data Collection: Sale data utilized for the purpose of completing this analysis spanned a two-year period from April 1, 2017 to March 31, 2019. Only sales confirmed to be qualified “arms-length”, or market-oriented transactions were utilized in the analysis.

Data Collection and Sales Verification Procedures: The County Registry of Deeds provides the Municipality’s Assessing Department with copies of all recorded property transfers within 30 days of the date of transfer. Each individual sale was then analyzed by the Municipality’s assessing staff to determine if the transfer was a “qualified” sale; i.e., arm’s-length and market oriented. The qualification procedure required either a direct interview with either the buyer, seller, or broker/representative familiar with the circumstances surrounding the negotiated transfer of the property. Upon final qualification, an attempt was made to inspect the property (interior also, when applicable) by the Vision’s staff and or Municipality’s assessing staff, and the property record cards were updated.

Number of Sales Utilized in Analysis: The breakdown of all residential property transfers for 4/1/2017 to 3/31/2019 within the Municipality by “use type” is as follows:

Residential Improved	240	Residential Condominiums	30
Multi families	40		
Total	310		

Description of Data Calibration Methods: The sale data is verified for accuracy by submitting each one of these sale properties to a thorough physical (measure and list) and market analysis (by confirming a transaction was “arm’s length”, with no unusual circumstances that might have influenced the negotiated sale price), including interior inspection whenever possible. Once verified, and the preliminary benchmarks were established, field reviews were conducted in order to refine the base tables, and verify the alignment of properties and the tables by “use” type and location, for example. The preliminary values were further “validated” by the statistical testing of the sale data made possible by the CAMA software system. The CAMA software groups and sorts the data by various elements of consideration such as: improvement type, age, size, and neighborhood, and various “ratios” are developed that reveal discrepancies in the underlying valuation model.

Significance of Adjustments and Factors: “Adjustments” and “factors” are mathematical changes to basic data (for example, a “base” table) to facilitate comparisons and understanding. This process assumes a “causal” relationship among the various factors for which the adjustments are made.

Examples of factors and/or adjustments can include such important elements of consideration as waterfront or view or water access amenities. Importantly, a “feature” can be a positive influence on property value, or a “negative” influence on property value. The specific adjustments or factors applied to properties with amenities such as these are typically derived from a detailed sales analysis. Once the appropriate sales are identified and confirmed or “qualified”, several techniques are utilized to extract, or isolate, the specific factor the appraiser is trying to identify.

One such technique is known as “extraction”, this is where the appraiser subtracts the depreciated value of the improvements from the total sale price, to arrive at the underlying value of the specific land component being analyzed. This is the most commonly used method. Another technique, known “matched-pair” comparison analysis; wherein sales of properties that retain these features are compared to sales of properties that do not retain these features and the specific “contributory” value or factor attributable to the feature is isolated.

RESIDENTIAL VALUATION METHODOLOGY

The attached land schedule and supporting documentation are submitted for your review. Residential land values were developed through the analysis of vacant land sales and use of a land extraction technique. The analysis was based upon the following:

Land sales that were considered to be arms-length transactions were utilized in the analysis. Sales were broken down into:

1. Street address
2. Parcel identification number – Map – Block – Lot – Unit
3. Neighborhoods
4. Date of sale
5. Sale price
6. Size of parcel – square feet
7. Price per square foot
8. Proposed value
9. Appraised to sales ratio – ASR
10. Any adjustments that are specific to that parcel – topography, vacancy

Lots are arranged by parcel size and equal desirability. A distinct correlation of lot size versus value per square foot becomes apparent. Most frequently occurring similarities in sale prices relating to parcel size are plotted on a land curve. When a desired curve is achieved, land values are set for specific land size parameters, and a land schedule is finalized. Through the land analysis process eleven distinct neighborhoods were developed. Each neighborhood has its own unique land curve. Some neighborhood curves may be similar. A breakout of each neighborhood code and description will be identified later in this report.

Due to the limited amount of arms-length vacant land sales, a land extraction technique was used to assist in the development of the land schedule. In this

procedure, the depreciated building value is calculated using the Vision Government Solution's Replacement Cost Approach. These values are compared to Marshall & Swift cost manual and from local builder's estimates to ensure comparability to the market. These depreciated building values were subtracted from the sales prices to determine a land residual.

The proposed (schedules) values were then tested against the residuals. Multiplying the land size by the proposed price per square foot to yield a proposed land value tests the proposed land schedule. This proposed land value is then divided by the land residual to yield an assessment to sales ratio (ASR). Final determination of desired land values is completed by calculating the mean, median, and co-efficient of dispersion from the ASR.

The **MEAN** is the calculated average of all sales in a specific category. The sum of all assessment to sales ratios (ASR) is then divided by the number of sales to give a MEAN ASR.

The **MEDIAN** is the value of the middle sale in an uneven number of sales arranged according to size. Another way of describing it would be a positional average that is not affected by the size of extremes values.

The **CO-EFFICIENT OF DISPERSION (COD)** also known as the measure of central tendency, is the ratio of a measure of absolute dispersion to an average and expressed as a ratio of the standard deviation (amount of variability of scatter is a frequency distribution) to the median. In simpler terms, this is the tendency of sales or items being analyzed to cluster around a central point and/or specific value. The **COD** is calculated by subtracting the median from each sale ASR. Once this is complete, the absolute sum total is divided by the number of sales and finally divided by the median itself. The resulting value is the co-efficient of dispersion. The IAAO requirement is 20% or less for land ratios.

When acceptable statistics are achieved, the final land schedules are implemented.

LAND PRICING INSTRUCTIONS

Land Line 1:

The building site, in acreage, is priced per the general residential land curve. Size on landline 1 is based on a 2 Acre homesite. In addition, any site specific adjustments for individual lots, such as waterfront, water view, location, topography, ROW, etc, can be found in the *condition factor* section of the land calculations.

Land Line 2:

Any excess acres over the prime-site requirements will be priced at \$4,000 per acre. Marshland is priced at \$400 per acre.

THE PRIME SITE LAND CURVE

<u>SIZE</u>	<u>TOTAL</u>
.05 Ac	\$22,000
.10 Ac	\$28,000
.25 Ac	\$36,000
.50 Ac	\$38,000
.75 Ac	\$40,000
1 Ac	\$42,000
2 Ac	\$46,000

BUILDING VALUATION

Process for Collecting, Validating and Reporting Data

All buildings had an external drive-by review to verify the accuracy of the data. It is necessary to observe the style, quality, condition, and adequacy of each component of the building. The following elements have been rated as to quality, workmanship, and special physical characteristics.

- Style Type (Ranch, Colonial, etc.)
- Model (Residential, Commercial etc.)
- Grade (E- through X+)
- Stories
- Occupancy
- Exterior Wall
- Roof Structure
- Roof Cover
- Interior Wall
- Interior Floor
- Heating Fuel and Type
- Bedrooms, Bathrooms & Total Rooms
- Year Built
- Condition of Property
- Functional and Economic Obsolescence
- Outbuildings & Extra Features

BUILDING STYLES

Below is an explanation of typical styles of single-family residential houses.

Ranch

This style was built generally after 1940's, although some houses were built earlier and could fall within this category. A ranch is a one-story house, which is usually rambling and low to the ground with a low-pitched roof.

Split - Level

Generally built after 1940's. The living area is on two or more levels with each level having a single story height, generally seen on uneven terrain lots. It can be a front/rear or side/rear split or a combination of the two.

Colonial

Traditional design built from 1700's to present. Generally 2 or 2 ½ stories with balanced openings along the main façade. Second floor overhangs are common. Newer colonials attempt to imitate this classic New England design.

Cape Cod

Generally built from the 1920's to present. Built "close to the ground" with simple lines. A high roof ridge often supplemented with full or partial dormers may provide a second level of living area, but not a full upper story. Generally a gable roof.

Bungalow

Most bungalows were built in the early 1900's. A small, one-story design often seen with an expansion attic area and/or dormers. Usually with an open or enclosed front porch. Narrow across the front and deep from front to back.

Conventional

An older type of house with no particular architectural design. Story heights generally range from 1.5 to 2.5 stories.

Modern or Contemporary

Constructed since 1940's WWII. One-story, two-stories or split-level. Characterized by large windows, open planning, horizontal lines and simple details.

Raised Ranch

A combination of the ranch and tri-level designs. The basement area sets on or slightly below the ground level and is usually partially or totally finished. Basement garages are common.

COST/MARKETING APPROACH MODELING

Once all the pertinent physical data regarding the improvements has been collected, the replacement cost of the building is obtained. Vision's cost tables were utilized to develop a replacement cost for a building. Once the cost of the building was developed, depreciation from normal wear and tear and from functional and economic obsolescence was deducted. The remaining value is considered the Replacement Cost Less Depreciation (RCLD). The market indicated land value and any other outbuilding values are added to give you a final value. This value is compared to market sale prices of similar properties to ensure that the property is appraised at market value for April 1, 2019.

Qualified sales that occurred between 4/01/2018 & 3/31/2019 were utilized. These sales were analyzed based on style, location, lot size, building size and sale and date quartile. Refer to the Sales Ratio Studies Table to see the detailed reports.

DEPRECIATION GUIDELINES

Depreciation is composed of three elements: normal depreciation, functional depreciation and economic depreciation.

Normal depreciation results from the passage of time and its affect on the structure. This is tied directly to age and takes into account the amount of repairs and upgrades that have been made to a building. A guide to normal depreciation is provided. This chart is based on an effective year built and deducts one percent of value per year between the effective year built and the date of valuation. The appraiser will always make the final judgment on the amount of depreciation to be applied and the chart provided is only a guide.

Functional depreciation is applied where a physical problem exists within the structure and is outside the range of normal depreciation. Sometimes this type of depreciation can be corrected, other times the problem will not be physically or financially possible to cure. In all cases a separate amount of depreciation will be added to the record for these circumstances with a note explaining the reason for the functional depreciation.

Economic depreciation is applied when a negative valuation influence exists outside the boundaries of the subject property and affects its overall value. An example of this type of influence would be a residential home next to a large commercial property. This type of depreciation is judged by the appraiser and applied separately with a note explaining the reason for its use.

SECTION C
For the date of valuation 04/01/2019
GRADING ADJUSTMENT METHODOLOGY

QUALITY ADJUSTMENT RATING

INTRODUCTION

A pure replacement cost system of valuation relies only on quality of materials, design and workmanship in quality grade determinants. It has been said that the three most important considerations in purchasing real estate are Location, Location and Location. Unfortunately, a pure cost system does not address what might be a major value ingredient on improvement values (Neighborhood and Location). Yes, materials, design and workmanship should be the primary quality grade determinant, but the neighborhood's appeal, or lack thereof, may have a secondary impact. An extreme example of this is that the so-called \$200,000 home in the \$400,000 neighborhood will usually bring more than its pure replacement cost. Because Vision Government Solution's Appraisal System is a combination of Cost/Market Appraisal Systems, quality grades may need to vary slightly among similar neighborhoods. Any variations from the pure cost approach quality rating should be made only with supportable conclusive market evidence, using neighborhood sales to justify these adjustments. Once the quality grade determinants are determined, the final quality grades should be similar on similar homes within similar neighborhoods. Equitability and consistency are paramount.

QUALITY GRADE ADJUSTMENTS

Within Vision Government Solution's Appraisal System, there are quality adjustments available to cover a wide range of possible construction qualities. The quality grades applied to the properties are multipliers, or factors, applied to the basic construction rate, which is derived from the structural components.

What follows are six groupings of quality grade ratings used in Bath:

What follows are the guidelines in establishing quality grades based purely on a cost approach system, unadjusted for market neighborhood conditions.

QUALITY GRADING GUIDELINES

THE GENERAL QUALITY SPECIFICATIONS FOR GRADING GROUPS ARE AS FOLLOWS:

X- TO X+ (EXCELLENT):

This is the highest quality adjustment and denotes the very best in its category. Custom workmanship and materials will be used throughout the structure.

A- TO A+ (VERY GOOD):

Buildings generally having an excellent architectural style and design, constructed with the finest quality materials and workmanship throughout. Superior quality interior finish and built-in features. Deluxe heating system and very good grade plumbing and lighting fixtures.

B- TO B+ (GOOD):

Buildings constructed with good quality materials and above average workmanship throughout. Moderate architectural treatment. Good quality interior finish and built-in features. Good grade heating, plumbing and lighting fixtures.

C- TO C+ (AVERAGE):

Buildings constructed with average quality materials and workmanship throughout, conforming with the base specifications used to develop the pricing schedule. Minimal architectural treatment. Average quality interior finish and built-in features. Standard grade heating, plumbing and lighting fixtures.

D- TO D+ (BELOW AVERAGE):

Buildings constructed with economy quality materials and fair workmanship throughout. Void of architectural treatment. Cheap

quality interior finish and built-in features. Low-grade heating, plumbing and lighting fixtures.

E- TO E+ (LOW COST):

Buildings constructed with a very cheap grade of materials, usually “culls” and “seconds” and very poor quality workmanship resulting from unskilled, inexperienced, “do-it-yourself” type labor. Low-grade heating, plumbing and lighting fixtures.

Some of the most common grades are displayed below with a photograph of what a typical house would look like for that specific grade.

**LOW QUALITY
GRADES D- TO D+**

Typically, this home will be of lower quality than the community's average home. Although quality of materials and workmanship is below average, these houses are not necessarily below the minimum building code requirements. Interior finish, however, is plain with few refinements, design is from stock plans and ornamentation is limited to the facade, if at all.



**AVERAGE QUALITY
GRADES C- TO C+**

Homes constructed with average quality materials and average workmanship. Average quality interior finish; usually has minimal window openings.



GOOD QUALITY RATING
GRADES B- TO B+

Typically, this home will be slightly better than the average quality home within the community. Usually it is mass-produced, meeting or exceeding minimum building code requirements. The quality of materials and workmanship is acceptable, with some of its components reflecting better than average or custom craftsmanship. The interior will usually contain stock components in the average to upper average range of quality, including cabinets, doors, hardware and plumbing. The front facade ornamentation will usually be of stock quality.



VERY GOOD QUALITY RATING
GRADES A- TO A+

This type of residence may be mass produced in above average residential developments, or built for an individual owner. Good standard quality materials that exceed minimum building codes. Exhibit pronounced architectural styling and detail, and having an ample amount of built in features. The interiors are well finished with good quality paper, paint, and floor covering, as well as attractive hardware and fixtures. Exteriors have ornamental refinements of good quality material. Custom built tract homes would normally fall into this classification. Examples of good quality rating are foundations with drain tiles, exterior walls with more insulation, better sheathing, and thicker doors, higher quality plumbing, electrical, heating fixtures, kitchen cabinets and closets, and tiled bathrooms.



EXCELLENT QUALITY RATING
GRADES X- TO X+

These types of residences are typical of those built-in-high-quality tracts or developments and are frequently individually designed. Attention has been given to interior refinements and detail. Exteriors have good fenestration with some custom ornamentation.

