

## **Information for use by a Property Owner Concerning the Residential Property Valuation Process**

The Potter-Randall Appraisal District (PRAD) is required to appraise all property at its Market Value as of January 1 of each tax year according to Section 23.01 of the Texas Property Tax Code. Texas Property Tax Code Section 1.04 defines Market Value as 'The price at which a property would transfer for cash or its equivalent under prevailing market conditions if; 1) It is exposed for sale in the open market with a reasonable time for a seller to find a purchaser, 2) Both the seller and purchaser know of all uses and purposes to which the property is capable of being used and the restrictions on its use, and 3) Both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the other.

Residential properties within PRAD boundaries are appraised using mass appraisal standards. PRAD uses a computer-assisted mass appraisal program for residential properties. The first step is to enter residential cost schedules into the mass appraisal program. The cost information is taken from Marshall & Swift residential cost handbook.

The appraisal process performed by PRAD begins with discovery. Discovery is the method the appraisers use to discover new construction and additions to existing properties. Discovery can be through building permits obtained from the cities of Amarillo or Canyon, through plats for new residential developments, septic permits issued by the Amarillo Bi-County Health Department, the use of aerial photography, sales, physical inspections, 911 assignments of addresses and meter permits provided by Xcel Energy.

Each residential property is identified by what type of property it is, for example, one family residence. The property is also grouped into a neighborhood based on the location of the property. Each neighborhood is defined by a boundary. Boundaries can be streets, counties, schools, maps, etc. Each property has a quality assigned to it as well as a depreciation or percent good. The percent good is one of the tools that PRAD uses to adjust the values of properties within a neighborhood to arrive at market value.

Since appraisal districts are required to appraise property at market value, sales data must be entered into the mass appraisal program. PRAD receives sales information from Multiple Listing Service (MLS), property owners, the state comptroller's office and fee appraisals.

Once the cost and sales information is entered into the mass appraisal program then a sales ratio study is performed to determine the level of appraised value to the sales information. This sales ratio study is performed annually in each neighborhood on all properties. Based on the level of appraisal, the values in each neighborhood are either raised or lowered to an acceptable level of appraisal. An acceptable level of appraisal is a ratio that is between 95 percent and 105 percent of the appraised value to the sales price.

If the appraised values are adjusted in any given year then a Notice of Appraised Value would be mailed to the property owner for that year indicating the appraised value. The Notice of Appraised Values are generally mailed around May 1<sup>st</sup> of each year. If the property owner disagrees with their appraised value they may submit a Notice of Protest at this time, usually with a deadline of May 31<sup>st</sup>.

Should you have any questions concerning the appraisal of your property please contact PRAD at (806) 358-1601.