

Effectively Protest Your Property Value



The most immediate form of tax relief.

If you believe the value of your property as determined by a county appraisal district (CAD) is more than what you could sell it for, you have the right to appeal the value each year. To be successful, you must understand the process and be prepared.

Getting Started

Appraisal notices are mailed each March or April and include the previous year value, the proposed market value and an estimate of the taxes that will result using the prior year tax rates.

Market value is the price your property would sell for in the open market assuming a willing buyer and seller. It is the value required by law for tax purposes. Appeal the value if you believe it is out of line with comparable properties in your neighborhood.

The county tax assessor collector calculates your taxes from the market values provided by the CAD, applying exemptions and reductions such as the limitation resulting from the "10% homestead appraisal cap."

If property values rise quickly and your value is "capped" for taxes, a successful protest may not reduce the tax liability in the current year.

The Players

You will schedule an appointment with an appraiser. Staff appraisers perform the year-round work of inspecting properties and assisting during conferences.

If you are not satisfied with a value arrived at during a conference with the appraiser, you may take your case to the Appraisal Review Board (ARB). The ARB is made up of county residents appointed by the CAD Board of Directors (see org chart at right). The ARB hears complaints by property owners and taxing authorities.

Typically, the ARB breaks into three person panels to hear individual protests. If you are not satisfied with the outcome of an ARB

hearing, you may request binding arbitration as an alternative to filing suit in District Court. Arbitration is available for all real and business personal property up to \$1M in value. Homesteaded properties have no value limitation with regard to arbitration. The cost of expedited arbitration is \$250. Regular arbitration is \$500. Unequal valuation cases are not eligible for arbitration. The Comptroller maintains a registry of arbitrators who have completed State training.

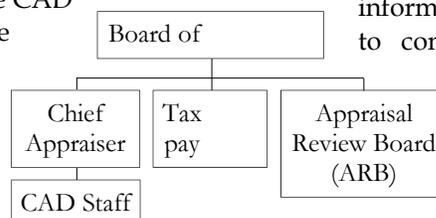
The Process

You have 30 days from the date of the Notice of Appraised Value or until May 31st (whichever is later) to schedule an informal conference with an appraiser. If you mail the protest request form provided with the notice, the ARB hearing could be held the same day as the staff conference. CADs handle this differently so, before mailing the form, call your CAD and find out how it will affect your conference and hearing.

When mailing the hearing request, request a copy of the sales used to determine your property value, the appraisal card and the area of your neighborhood. There could be a small charge for these documents. The appraisal card contains detailed information about your property. If you do not have the actual appraisal card, go online to the CAD website and validate the information that is available.

The conference is your first opportunity to reach agreement on a market value for your property. Most cases are settled during this meeting. You will present your information and opinion of value to the appraiser and then give him or her an opportunity to consider your information. The appraiser may run your information against their comparable data to consider if an adjustment is indicated.

If you reach an agreement, you can sign the papers right there, and go home. If you are unable to reach an agreement with the appraiser, you have the right to



take your case before the ARB panel for a formal hearing. If you mailed the notice of protest form or if you sign a waiver agreeing to do so, the ARB hearing could take place the same day as the conference. It may be in your best interest to ask to be scheduled for another hearing date, particularly if you are not ready.

The information presented by the appraiser during the informal conference is the same that will be presented during the ARB hearing. If the appraiser presented information during the informal that you wish to verify, it is wise to obtain a copy prior to the ARB hearing (and specifically of all information used to determine your value). Conduct your own research prior to the hearing.

Participants at formal hearings include you, a CAD appraiser, CAD clerk who records the hearing and handles the paperwork and a three-person panel of the ARB. The hearing will be conducted by the panel Chairman after protocols occur including introductions, a brief description of the process that will be followed, an introduction of the property that includes account number, address and legal description, exchange of information (at which time you will provide a copy of your information packet to each panel member and the team leader appraiser).

Any dispute about the property (incorrect square footage, etc.), which should have been resolved during the conference, may be resolved at this point. If the parties are unable to resolve a dispute that significantly affects market value, the Chairman has the option of recessing the hearing for a field check by the CAD. In this event, the hearing would be continued after the field check is completed.

The formal hearing will continue with you presenting your case or information. The ARB panel members may ask questions. The appraiser will then present on behalf of the CAD citing information in support of its opinion of value. You may then make rebuttal statements. The ARB may ask questions to clarify any issues raised by the appraiser.

After final comments, the Chairman will close the record and the panel will reach a decision on the market value. The ARB determination will be read into the record and the hearing adjourns. The entire process takes about 20 minutes.

Note: The ARB is not bound by offers made by the CAD during the informal conference. ARB members are independent and reach their own conclusion. The ARB panel may: 1) increase the value, 2) leave the value alone, or 3) decrease it. Although increasing the value does not happen often, it DOES happen.

The ARB finding may be appealed to arbitration or you may file suit in District Court. Arbitration is available for all real and business personal property up to \$1M in

value except homesteads are eligible regardless of the value. The cost of expedited arbitration is \$250 and regular arbitration is \$500. Unequal valuation cases are not eligible for arbitration.

The State Comptroller of Public Accounts maintains a registry of qualified arbitrators who have completed State approved training. A arbitrator is required to be a licensed real estate broker, sales person or appraiser.

Preparation

Following are hints for a successful protest. Preparation is the key.

1. Assemble your packet including the following information. You need an original and four copies.
 - ⇒ Summary sheet of your property
 - ⇒ Appraisal notice from CAD
 - ⇒ CAD appraisal card
 - ⇒ Photos
 - ⇒ Comparable sales analysis
 - ⇒ Analysis of the values of properties on your street
 - ⇒ A map and listing of the comparable properties used by you and the CAD (maps available from CAD website)
 - ⇒ Estimates of repair if appropriate
2. The summary sheet should include a brief description of the property, date purchased and amount (if within the past 10 years), the proposed market value, your opinion of market value, the reason for your protest and a listing of the contents of your packet.
3. Photos should be recent (within the last year), including a front view from the street, and perhaps a back yard view. The purpose of the photos is to quickly satisfy the ARB's need to understand "what the property looks like?" (ARB members appreciate photos.)



- If you intend to argue that there is significant maintenance or structural problems with the property, photos clearly showing the deterioration, structural problems due to foundation problems, termites, or other damage are suggested. It is a good idea to label the photos.
4. In most cases, the analysis of comparable sales is the most important part of your package. It should be concise and orderly and include comparable sales in your neighborhood no more than two years old. You need to show that your property is appraised too high on a price per square foot basis when compared to sales of similar properties in your area. You may want to separate land and

improvement value for the comparables (use the CAD website to obtain information about the properties). Adjust for improvement differences.

Keep in mind that you have the advantage of being able to out-prepare the CAD. CADs use **mass appraisal techniques** to value properties for taxes and this technique does not adjust for unique features. You need to provide unique information about your property.

5. If your property has serious problems, the comparable sales analysis should show what the market value would be if it were in good condition. Present evidence (photos) along with estimates of repairs. Documentation is very important. If your house has a foundation problem, have at least one estimate from a reliable firm for the cost to repair. Likewise for termite or structural damage, or substantial issues.

Don't try to nickel and dime deferred maintenance such as painting, an aging roof, bad fence or cracked driveway. Unless unusual for the area, these items do not have much impact on value. Also, the CAD does not increase values when a roof is replaced or cracked driveway repaired.

The date of value is January 1. If the property had a significant problem on that date that has since been repaired, present the actual cost as a basis for adjusting the value downward. You need to be aware that if significant storm or other damage occurs after January 1, you will be taxed based on the January 1 value. Notify the Appraisal District so it can make an appropriate adjustment to value for the following year.

6. An "unequal appraisal" analysis is also a basis for protesting your market value but is a bit more complicated and shows that your property is out of line on a price/square foot basis compared to the value of similar properties in your neighborhood. Use the Neighborhood Comparison Worksheet (available on our website). ARB members are more likely to be influenced by this comparison than the CAD staff.

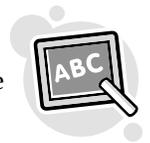
In short, if an analysis of all the properties on your street creates a case, use it as a back-up position but not as the leading argument. **Do not use the phrase "unequal appraisal"** unless you have done the homework necessary to support this method. The laws are real specific.

7. Practice your presentation and keep it simple. Be able to state your case in 4 minutes or less. The ARB panels are very good at reviewing the written information and listening to you at the same time. A well-prepared, concise presentation is preferred.

8. Never lie. You will be under oath. If a panel member suspects you are lying or avoiding a direct question, you may lose credibility and your case.
9. Do not expect the ARB to change things that are a matter of law. For example, if you believe the 10% cap should be reduced, you must work to change the law. You as an individual can have an impact. See our website for legislative information (Taxing Legislation).

Protest ABCs for Savvy Property Owners

Don't miss the May 31st deadline to schedule your informal conference or ARB hearing.



- ⇒ If you have not received an appraisal notice before May 31, look online or contact the CAD. Appraisal values are posted online within a couple of days of being placed in the mail.
- ⇒ If your value increased, your neighbors likely did as well. Encourage everyone to protest their value.
- ⇒ Obtain the appraisal card from the CAD and verify that the information is accurate (square footages, improvements, etc.). Measure the house!
- ⇒ If a property is well maintained, the effective age is < the actual age. If a property is not well maintained, the effective age is > the actual age.
- ⇒ Take photographs, obtain legitimate repair estimates
- ⇒ Contact the buyers, sellers or real estate companies involved in the comparable sales. Was personal property included in the sale? Was the purchaser highly motivated? Do your homework!
- ⇒ When in your meetings, forget politics and stick to the facts. If you think your taxes are too high, do something about it but not at the CAD.
- ⇒ The CAD and ARB are not interested in buying your home, don't suggest it.
- ⇒ The computer performed an analysis of information inputted. You must argue that the data was not accurate.
- ⇒ Explain the differences between your home and the comparables (location, natural influences, etc.)
- ⇒ Smile, be positive, and concise. Crying doesn't seem to help. Be polite.
- ⇒ Avoid calling the ARB and CAD staff "YOU PEOPLE". Do not get angry.
- ⇒ The Texas Legislature creates the laws governing property taxes. CADs are answerable to the Comptroller via the Property Value Study and MAP review. Local officials are answerable to you.

Other Options?

Hire a Property Tax Agent. There are many and all are different. We are sorry but we cannot advise you in the selection of an agent.

Common CAD Codes

Land Codes

BA	Back Acreage
BF	Beach Front
BX	Boat Slip
BV	Beach View
CDO	Condo Land
CL	Commercial Lot
CN	Canal
CO	Commercial Acreage
CR	Corner
DE	Drainage Easement
DKM	Dockominiums
DS	Drill Site
FR	Freeway Frontage
GB	Green Belt
GC	Golf Course
GF	Golf Course Frontage
IL	Interior Land
IND	Industrial
LT	Lot
ML	Marshland
NP	Native Pasture
OS	Oversized Lot
OT	Other
PF	Primary Frontage
PL	Pipeline
PU	Public Use
PWL	Power line
RF	Road Frontage
RH	Rural House
RL	Residential Lot
RS	Residential
RW	Right of Way
SF	Secondary Frontage
SV	Site Value
TL	Townhome Land
UN	Undeveloped
UW	Underwater
WA	Wood Acreage
WF	Water Front
WL	Wasteland
WV	Water View

Improvement Codes

BD1	Light Boat Dock
BD2	Medium Boat Dock
BD3	Heavy Boat Dock
BW	Breezeway
CA	Central Air
CH	Central Heat

CP1	Carport 1, Wood/Concrete
CP2	Carport 2, Wood/Dirt
CP3	Carport 3, Metal/Dirt
CP4	Carport 4, Under BH
CPY	Canopy
DG	Detached Garage
EP	Enclosed Porch
FBH	Metal, Frame Boat House
FLV	Dumbwaiter or Elevator
FP	Fire Place
FP1	Fire Place Class 1
FP2	Fire Place Class 2
FUB	Metal, Frame Utility Bldg.
GA	Attached Garage
GH	Greenhouse
HE	Heatalator
HO	Hoist
HT	Hot Tub/Jacuzzi
LPOOL	Large Pool
MA	Main Area 1 Story
MA1	Main Area 1.5 Story
MA2	Main Area 2 Story
MA2.5	Main Area 2.5 Story
MA3	Main Area 3 Story
MAA	Main Area Addition or MH
MBH	Masonry Boat House
MUB	Masonry Utility Building
OB	Out Building
OP	Open Porch
SP	Screen Porch
SPA	Spa
SPOOL	Small Pool
ST	Storage (attached to house)
STG	Storage (detached from house)
SV	Salvage
WD	Wood Deck
XPOOL	Extra Large Pool

Building Attributes

Construction Style

SF-M	Single Family Modern
SF-C	Single Family Conventional
SF-S	Single Family Spanish
MF-C	Multi Family Conventional
R-CT	Recreation-Comp Type
L-CM	Light Commercial

Roof Style

HP	Hip
GA	Gable
WS	Wood Shingle

CS	Composition Shingle
TG	Tar & Gravel
TI	Tile
RA	Rigid Asbestos
RC	Rolled Composition
MT	Metal

Exterior Finish

BV	Brick Veneer
WF	Wood Frame
COMP	Composition
ST	Stucco
CB	Concrete Blocks
AS	Asbestos
BW	Brick & Wood
SV	Stone
SI	Sheet Iron
SS	Structural Steel

Flooring

CP	Carpet
VI	Vinyl
HW	Hard Wood
CO	Concrete
TI	Tile
TE	Terrazzo

Foundation

CS	Concrete Slab
PB	Pier & Beam
WPR	Wood Piers
WPL	Wood Pilings
PT	Post Tension Concrete

Interior Finish

SR	Sheetrock
PA	Panel
WP	Wallpaper

Heating / AC

CH,CA	Central Heat, Central Air
CH	Central Heat
CA	Central Air
WH	Wall/Floor Furnace & Heater
ST	Stove or Gas Jets

Plumbing

1	One Full Bath
1.5	One & One-Half Baths
2, etc.	Two Full Baths, etc.

Fireplaces

HE	Heatalator
FP	Fireplace
FP1	Fireplace Class 1
FP2	Fireplace Class 2

Condition Ratings Guide

<u>Code</u>	<u>Rating</u>	<u>Definition</u>	<u>Code</u>	<u>Rating</u>	<u>Definition</u>
1	Excellent	Building is in perfect condition, very very attractive & highly desirable.	5	Fair	Marked deterioration but quite usable; rather unattractive & undesirable.
2	Very Good	Slight evidence of deterioration; still attractive and quite desirable.	6	Poor	Definite deterioration is obvious; definitely undesirable & barely usable.
3	Good	Minor deterioration visible; slightly less attractive & desirable but useful.	7	Very Poor	Condition approaches unsoundness; extremely undesirable; barely usable.
4	Average	Normal wear and tear apparent; average attractiveness & desirability.	8	Unsound	Building is unsound & practically unusable

Residential Class Codes

Residential class codes are a combination of the structure type and a numerical grade. Structure types (B=brick; BH=beach house; F=frame; and TH=townhome) are extracted from the Residential Main Area Tables. There are five class code groupings in GCAD.

Class 11-15 Average Quality Residence

General:

FHA or VA standards. Average material and workmanship

Description:

Standard design. Front and rear porches. "L" shape or other rectangle variation.



Standard Specifications:

Foundation	Concrete slab, pier & beam
Roof	Composition or wood shingles
Windows	7-9
Corners	6-8
Floors	Carpet, tile, or varnished hardwood
Heating/Cooling	Central Heat and Central Air
Utilities	Ample outlets, average fixtures
Baths	1 1/2 to 2 Baths
Garage	1 or 2 car garage or carport, concrete approach
Size	1200 – 1800 square feet of living area

Resources:

GCTO:	www.galcotax.com
CAD:	www.galvestoncad.org
Harris CAD:	www.hcad.org
Map Site:	http://gis.tamug.edu
Comptroller:	www.window.state.tx.us/taxinfo/proptax

Provided courtesy of: **Cheryl E. Johnson, RTA**, Galveston County Tax Assessor/Collector

Disclaimer: The information and suggestions presented herein are intended to be useful and relevant for protesting values in most Appraisal Districts. Procedures may value slightly from one CAD to another. No warranties or claims regarding the accuracy or usefulness of the information presented above is made. Use of this information is no substitute for professional or legal advice, or for your own common sense.