



2019-2020

Montana Residential, Commercial and Industrial Property
Classification and Valuation Manual

Property Assessment Division

Department of Revenue

Effective January 1, 2019

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INTRODUCTION

Montana's Constitution and laws require the Department of Revenue to reappraise all property periodically and value similar property across the state in the same manner.

This manual provides a general overview of the mass appraisal process the department uses to determine the market value of residential, commercial and industrial property. Market value is the value at which property would change hands between a willing buyer and a willing seller neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

[15-8-111, MCA](#).

Steps in the valuation process are:

1. Identification of property to be appraised
2. Collection of data
3. Valuation of land
4. Development of valuation models and application of the three approaches to value when appropriate
5. Reconciliation and determination of final value

1. IDENTIFICATION OF THE PROPERTY TO BE APPRAISED

The department identifies all residential, commercial and industrial land and improvements as of January 1 of each year as required for certification of values. January 1, 2018 is the valuation date for the 2019-2020 valuation cycle. [15-7-111, MCA](#).

2. COLLECTION OF DATA

PROPERTY CHARACTERISTICS DATA

The department conducts property inspections and electronic desk audits to collect property characteristics data needed to complete a mass appraisal. A mass appraisal's quality is incumbent on the accuracy of the data collected on each property.

Property reviews are conducted by department appraisers each year. Common reasons why an inspection or electronic desk audit are completed:

- Sales verification
- New construction discovery through building and electrical permit reviews
- New construction percent complete reviews
- New construction reported with personal property
- Land split reviews
- Comprehensive field reviews
- Reappraisal site reviews
- Requests for informal classification and appraisal reviews
- Appeal reviews
- Natural disaster reviews
- Agricultural reviews

Department field staff update property characteristics and add new construction data to the computer assisted mass appraisal (CAMA) system to reflect a property's status as of January 1 of the current tax year. The web application property.mt.gov provides public access to the ownership and property characteristics maintained in the CAMA system.

Residential Property Characteristics Collected

- Property Site Characteristics
 - Property type
 - Number of living units
 - Site size – square feet, acreage, front feet
 - Site topography, access, location and fronting
 - Parking type, quantity and proximity
- Residential Dwelling Characteristics
 - Residential dwelling type
 - Architectural style
 - Class code
 - Grade
 - Year built
 - Effective year
 - Year remodeled
 - Story height
 - Attic
 - Square footage of living area
 - Exterior wall type and finish
 - Roof type and materials
 - Foundation
 - Basement type, quality and finished square footage
 - Heating/cooling system and fuel type
 - Number of bedrooms
 - Number of baths
 - Number of additional plumbing fixtures
 - Number of fireplace stacks, stories, openings and/or prefabricated fireplaces and stoves
 - Car capacity of garages
 - Percent complete if structure is under construction
 - View
 - Access to ski terrain or water access
 - Manufactured home make, model, length and width
 - Condominium level, unit type and complex amenities
 - Additions (areas attached to but not included in the square foot living area of the dwelling)
 - Miscellaneous features
- Other building and yard improvements (OBY) located on the property
 - OBY type
 - Grade
 - Year built
 - Quantity
 - Physical condition

See Appendix A for more detail on the residential property characteristics collected by the department.

Commercial and Industrial Property Characteristics Collected

- Site Information
 - Property type
 - Number of living units (if applicable)
 - Site size – square feet, acreage, front feet
 - Site topography, access, location and fronting
 - Parking type, quantity and proximity
- General building information
 - Structure type
 - Class code
 - Grade
 - Year built
 - Effective year
 - Year remodeled
 - Number of units per building
 - Number of identical buildings
- Interior/exterior characteristics per building
 - Use type
 - Wall height
 - Exterior wall material
 - Construction class
 - Area
 - Interior finish percentage
 - Partitions
 - Heating system type
 - Air conditioning type
 - Plumbing
 - Physical condition
 - Functional utility
- Building other features
- Elevators/escalators
- Other building and yard improvements (OBY) located on the property
 - OBY type
 - Year built
 - Quantity
 - Physical condition
 - Functional utility

See Appendix B for more detail on the commercial and industrial property characteristics collected by the department.

GEOGRAPHIC DATA

A market area is the broadest area from which comparable sales are selected in the sales comparison approach.

Market areas may be broken up into various subsets of properties called clusters, neighborhood groups, neighborhoods, and sub-neighborhoods. Neighborhoods within a cluster or neighborhood group do not need to be highly homogenous, but do need to have similar factors that affect their values (e.g., urban neighborhoods, recreational neighborhoods and farming communities).

A neighborhood is a collection of properties defined by natural, man-made or political boundaries which share locational and physical similarities. Physical, economic, governmental and social influences directly affect a property's value.

Department staff review and analyze existing market areas' neighborhood boundaries and characteristics during the timeframe leading up to a valuation cycle. This ensures the boundaries are accurately established and the properties within the market area boundaries are affected by similar influences. New market areas, clusters, groups or neighborhoods may be added as necessary.

SALES VERIFICATION DATA

Accurate sales verification is crucial for reliable and defensible property values.

Department field staff obtain sales price data on all transfers of real property from Realty Transfer Certificates (RTC) collected by the local county clerk and recorder and provided to the department. A sales verification form (see Appendices C-F) is then mailed to the buyers of real estate that department staff have identified as potential market sales. All potentially valid sales are verified as to whether they are valid arms-length transactions; meaning the sales were not affected by unreasonable or unusual influence, control or motivation by either party. [ARM 42.20.432](#)

Sales verification includes confirmation of:

- sales price
- sale was an open market arm's length transaction
- date of sale or the date the price was agreed upon
- terms of the sale
- buyers and sellers were knowledgeable about the market
- buyers were aware of the property's condition
- any additions or improvement that were made to the property after the sale
- property characteristics

Verification can be obtained on-site, by mail, by telephone or using multiple listing services (if available) and internet listings to ensure accuracy of information on the RTC and the property characteristics. Potential additional sources of verification information for commercial and industrial property may include the buyer's and seller's websites, financial documents and press releases along with industry publications and news articles.

The department is required to review and track distressed sales. Foreclosure related transactions must be used in the mass appraisal's model calibration and sales ratio studies if the sales comprise more than 20 percent of the sales in a specific market area. [ARM 42.20.432](#)

CONSTRUCTION COST DATA

Local construction cost data is collected statewide on all property types for developing cost tables to calculate accurate estimates of replacement cost new.

Department staff collect labor costs from the Montana Department of Labor and Industry. Localized costs are obtained from building contractors, lumber yards and retail outlets that provide materials, such as lumber, plumbing fixtures and electrical components to contractors. New construction cost information is gathered during on-site reviews and from the collection of sales data of newly constructed properties.

The department also uses nationally accepted appraisal cost manuals such as Marshall & Swift Residential Cost Handbook, Marshall & Swift Valuation Service Cost Manual, RSMeans Building Construction Cost Manual and Online Data Services and Mining Cost Service to estimate comparative and unit-in-place costs for the development of base cost tables.

The cost approach requires using total construction costs, so both direct and indirect construction costs are collected. Direct costs consist of materials, labor, all sub-contracts, equipment rental, utilities costs, survey and building permits, and contractor's profit and overhead. Indirect costs include architectural and engineering fees, accounting and appraisal fees, title and legal expenses, real estate taxes during construction, insurance, marketing, advertising and sale expenses, construction loan fees and the cost of interim financing.¹

INCOME AND EXPENSE DATA

Income and expense data used in the application of the income approach to value for commercial property is collected statewide from commercial property owners. Commercial property includes all property not considered residential, agricultural, or industrial. Some examples of commercial property are: office buildings, restaurants, shopping centers, hotels, industrial parks, warehouses, factories, light manufacturing and nursing homes.

Every two years, the department relies on commercial property owners to voluntarily provide their income and expense data for the previous two years. The department analyzes the data submitted online to determine typical market rents, expense percentages and capitalization rates of similar commercial properties. This data is used to develop property type income models used statewide in the mass appraisal process.

Income and expense data is also gathered during the sales verification process and when department appraisers are on-site to complete a new construction property inspection or a property review for an informal review or appeal. During the sales verification process, department staff request income and expense data along with the sales verification information.

The department also uses Integra, a national commercial property publication, and the database CoStar, a commercial real estate listing service, as references for sales information, income and expense data and capitalization rates.

For industrial property, income and expense data is also requested annually as part of the personal property reporting requirements and during site inspections.

3. VALUATION OF LAND

Credible market land valuation is dependent on strong land models created from vacant and improved sales data. Land values must reflect market value in each neighborhood or market area.

¹ Property Assessment Valuation, Third Edition, International Association of Assessing Officers (IAAO), 2010.

LAND VALUATION METHODS

The sales comparison approach is the primary land valuation method used by the department.

SALES COMPARISON APPROACH

The sales verification process previously described is the initial step in the sales comparison approach to determine land value. Next, department staff analyze vacant land sales and make time of sale adjustments to the land sales prices to January 1, 2018 to reflect either inflationary or recessionary trends in the market. January 1, 2018 is the valuation date for the 2019-2020 valuation cycle.

Department staff may sometimes use valid improved sales in the time trend analysis for the creation of land models to produce reliable and predictive land values as of the valuation date.

When there is not an acceptable number of vacant land sales in a neighborhood or market area, improved sales can be used to determine land value using the following methods:

ABSTRACTION/EXTRACTION METHOD

In the abstraction/extraction method, improvement values obtained from a cost estimation model are subtracted from the sales prices of improved parcels to arrive at a land value estimate. The method is particularly useful in highly developed areas where there are few, if any, vacant land sales.

ALLOCATION METHOD

The allocation method is also known as the land ratio method. For a given type of property and area, there tends to be a consistent overall relationship between land and improvement values. When there are insufficient vacant land sales in a given area, department appraisers look to other comparable areas with sufficient land sales, determine the typical ratio of land value to total value, and apply the ratio to sales of improved parcels in the subject area.

DEVELOPMENT OF LAND VALUATION MODELS

Land valuation models are built from the data gathered by one or more of the land valuation methods just described. The first step to building land models is to stratify the valid land sales into neighborhoods with similar highest and best use, location and market conditions.

Further analysis is then conducted to determine which valid sales will make up each model. Units of comparison such as square feet, acreage and front feet are determined for each market area. Once completed, a base size is then determined for parcels in each market area for the valuation analysis when a subject land size to base land size ratio is to be used in the model. This is considered the base lot method and may consist of an actual or hypothetical subject lot.

Sales are also reviewed for influences that are different than the base and that appear to impact value such as location desirability, view and water frontage.

Once sales have been collected, adjusted, neighborhood stratified, units of comparison determined, and influential characteristics identified, a land valuation model can be built. The models may be built using regression analysis, a statistical technique for estimating unknown data based on known available data. A regression model is composed of one dependent variable and one or more independent variables. The dependent variable is what is being estimated, such as land value. An independent variable, such as square footage or acreage, is used to predict or explain the dependent variable.

Regression analysis predicts estimated land value through either an additive or multiplicative model. The resulting variables become site adjustment factors within the base lot model. Factors recognize the characteristics of individual parcels, such as differences in size, shape or other market adjustment.

An additive model results in a straight-line equation to predict land market value while a multiplicative model results in a curved-line equation. Both types of models account for economies of scale. The

prediction line resulting from either type of model allows for the valuation of similar neighborhoods within a market area.

Basic Additive Model

$$Y = B + MX$$

Where:

- Y = regression value/market value
- M = subject land size
- X = land size adjustment factor
- B = base value

Basic Multiplicative Model

$$Y = B \times \left(\frac{M}{K}\right)^X \text{ or } Y = B \times M^X$$

Where:

- Y = regression value/market value
- M = subject land size
- X = land size incremental rate
- B = base value
- K = model base size

Final review and testing of the land valuation models is completed to ensure land values per square foot, acre or front foot are equalized. Ratio studies are conducted comparing sales price versus regressed model value. The IAAO standard for an acceptable median assessment ratio is between 0.90 and 1.10.

Once the land valuation models have been built and reviewed, they are loaded into the CAMA system. No changes are made to the land models once they are finalized for the valuation cycle 2019-2020.

4. DEVELOPMENT OF VALUATION MODELS AND APPLICATION OF THE THREE APPROACHES TO VALUE FOR IMPROVED PROPERTY

A. RESIDENTIAL PROPERTY

Residential properties are valued using either the sales comparison approach or cost approach with the sales comparison approach being the preferred valuation method. The income approach is usually not an applicable and relevant approach to value as the highest and best use of residential properties is in most cases, as a residence.

SALES COMPARISON MODELS - DEVELOPMENT

Processes completed to develop the residential sales comparison models include:

- Verification of sales - refer to the data collection section for details on the sales verification process.
- Analysis of market areas – refer to the geographic data collection section for details on the identification of market areas.
- Review of verified valid improved sales data stored in a sales history extract file in the CAMA system to look for anomalies that should be excluded.
- Development of market condition (time of sale) adjustments that reflect either inflationary or recessionary trends in the market from the time of sale to January 1, 2018, the valuation date for the 2019-2020 valuation cycle.
- Extraction of sales by market area. Sales comparison models can contain 40 to 3,000 or more sales depending on available data for that area.
- Calibration of models. Using multiple regression analysis (MRA), a statistical tool which calculates the sale adjustment factors of various property characteristics such as living area square footage, age, and quality grade. The factors are used to adjust the comparable sales to the subject property.
- Application of selection rules and adjustments. These rules and adjustments are added to the model to help to select the most comparable properties.
- Testing and finalization of sales comparison models in the CAMA system. Model results are reviewed by appraisal staff and sales ratio studies are performed, comparing sales prices to regressed model values. IAAO standard on ratio results are between .90 and 1.10.

No changes are made to the models once they are finalized in the CAMA system's production environment for the valuation cycle 2019-2020.

SALES COMPARISON APPROACH TO VALUE

The sales comparison approach estimates the value of a property by statistically analyzing the sale prices of similar properties. Typically, three to five comparable sales selected by the CAMA system as most statistically comparable to the subject property are adjusted for differences such as square feet of living area, condition, desirability and utility (CDU), age, quality grade, basement, etc.

The sale price of each comparable property is adjusted through the MRA process for these differences including the adjustment of the sale date to the valuation date. The highest and lowest adjusted comparable sales values are thrown out and the remaining values averaged. The result is an estimate of value for the subject property based on the adjusted sale prices of the comparable properties.

COST TABLES - DEVELOPMENT

Processes completed to develop the residential cost tables include:

- Collection of construction cost data - refer to collection of data section for details on the cost data collection process.

- Development of base cost tables for replacement cost new (RCN) calculations of:
 - living areas – first story, second story, each additional story, and half story;
 - adjustments –such as foundation type, basement characteristics, attic, heating and air conditioning, and plumbing fixtures;
 - additions – areas attached to but not included in the square foot living area base cost. Additions include porches, attached garages, attached carports, and mobile home additions, etc. Refer to property characteristics in the collection of data section for a complete list of additions;
 - miscellaneous features – basement garages, central vacuum system, spa bathtub, miscellaneous built-ins, etc. Refer to property characteristics in the collection of data section for a complete list of miscellaneous features; and
 - other building and yard improvements (OBYs).

The base cost tables are developed from new construction costs gathered locally and from nationally accepted appraisal cost manuals such as Marshall & Swift Valuation Service Cost Handbook. The base cost tables represent **average** cost figures.

- Application of quality grade factors.

Residential dwellings – Quality grade factors represent the overall quality of workmanship and materials assigned to each residential dwelling. Each grade is assigned a grade factor multiplier that is applied to the base cost. Grade 5 (average) is the base with a factor multiplier of 1.00.

Grade Number	Construction Description	Grade Factor Multiplier
1	Cheap	0.45
2	Poor	0.60
3	Low Cost	0.74
4	Fair	0.86
5	Average	1.00
6	Good	1.26
7	Very Good	1.56
8	Excellent	2.32
9	Superior	3.07
10	Extraordinary	5.00

Mobile/manufactured home quality grades are alphabetical.

Alphabetical Grade	Construction Description	Grade Factor Multiplier
C	Cheap	0.32
L	Low Cost	0.77
A	Average	1.00
G	Good	1.26
E	Excellent	1.57

- Development of condition, desirability and utility (CDU) rating and review of depreciation tables for calculation of percent good of the structure.

Depreciation or percent good tables for residential dwellings, mobile/manufactured homes and OBYs are used to determine a percent good. The tables are used to maintain uniformity in the mass appraisal process for tax equalization purposes and reflect typical loss in value from

physical deterioration, functional and economic obsolescence based on the year built or effective year of the dwelling.

Depreciation is divided into three categories: physical deterioration, functional obsolescence and economic obsolescence. The department uses a composite rating of condition, desirability and utility (CDU) for a uniform method of estimating the depreciation of a dwelling. Each component of the CDU rating is examined individually. Below are the definitions for each component of CDU.

- Condition - overall physical deterioration due to condition.
 - Excellent – The residential dwelling is in better than new condition; very attractive and highly desirable. There are no deficiencies in material or construction and no signs of deferred maintenance.
 - Very Good – The residential dwelling is in new or like new condition. There are no deficiencies in material or construction and no signs of deferred maintenance.
 - Good – The residential dwelling has little to no wear and tear and the structure is slightly more attractive and desirable than average.
 - Average – The residential dwelling exhibits normal wear and tear. There are few indications of deferred maintenance and no significant repairs or replacements are necessary.
 - Fair – The residential dwelling has some deterioration, but is definitely usable. The exterior and interior show wear and deterioration but the property is suitable for use. The structure could be characterized as needing work.
 - Poor – The residential dwelling has definite obvious deterioration and is barely usable. Structural elements may require replacement. The exterior and interior are in poor condition and the structure appears barely suitable for use.
 - Very Poor – The residential dwelling is in very poor condition and practically unusable. Most structural elements require replacement. The exterior and interior are in dilapidated condition and not suitable for use.
 - Unsound – The residential dwelling is unsound and unfit for use. All major structural elements require replacement. The exterior and interior are in a dilapidated condition. The structure is not suitable for use.

- Desirability - location desirability in terms of economic obsolescence
 - Excellent – The residential dwelling is in a premium location and may have excellent views, water frontage, golf course frontage, ski access or other unique features.
 - Very Good – The residential dwelling's location is highly desirable and has popular amenities. The residential dwelling may be located in a superior subdivision or in a historical or entertainment area.
 - Good – The residential dwelling's location is in a popular area with above average amenities.
 - Average – The residential dwelling's location is typical of other residential neighborhoods with average amenities.
 - Fair – The residential dwelling's location is inferior to other residential neighborhoods and may be impacted by surrounding properties (a commercial or industrial area, for example).
 - Poor – The residential dwelling's location is inferior in multiple ways and may have access and/or utility issues and unattractive surroundings.
 - Very Poor – The residential dwelling's location is in an undesirable area with potential environmental issues.
 - Unsound – Used only when the residential dwelling is uninhabitable.

- Desirability of the subject property itself, regardless of the location of the property.
 - Excellent - The residential dwelling has superior design, quality and curb appeal.
 - Very Good – The residential dwelling’s style is desirable in design, quality and curb appeal.
 - Good – The residential dwelling is attractive in design and curb appeal.
 - Average – The residential dwelling is typical and of common design and curb appeal.
 - Fair – The residential dwelling is of simple design and low curb appeal.
 - Poor – The residential dwelling has very little appeal and desirability.
 - Very Poor – The residential dwelling has little to no appeal or desirability.
 - Unsound – The residential dwelling has no appeal or desirability. It is unlivable.

- Utility - functional utility or amount of functional obsolescence associated with the subject property.
 - Excellent – The residential dwelling’s functional utility is excellent and no utility deficiencies exist.
 - Very Good – The residential dwelling is very functional. Few utility deficiencies exist for the residential structure and it is well suited to aid the utility of the property to perform the function for which it is intended.
 - Good – The residential dwelling has above average utility with minor functional deficiencies. The residential structure is well suited to aid the utility of the property to perform the function for which it is intended.
 - Average – The residential dwelling is adequately functional and performs the function for which it is intended.
 - Fair – The residential dwelling adds to the utility of the property to perform the function for which it is intended, but the effect is minimal. Renovation is necessary to allow the residential dwelling to make an adequate contribution.
 - Poor – The residential dwelling adds little to the utility of the property to perform the function for which it is intended. Major renovation is necessary to allow the residential dwelling to make an adequate contribution.
 - Very Poor – The residential dwelling provides little to no utility as it was intended. Significant renovation and redesign of the improvements are necessary to allow the residential dwelling to make an adequate contribution.
 - Unsound – The residential dwelling adds nothing to the utility of the property to perform the function for which it is intended. The improvements have no functional utility.

For residential dwellings, each component of CDU is assigned one of the following numerical values.

10	Excellent
9	Very Good
8	Good
7	Average
6	Fair
5	Poor
3	Very Poor
1	Unsound

A dwelling's total CDU rating is calculated by adding the four component's numerical values together and averaging. The CDU rating is a part of the CAMA system's overall depreciation factor.

For mobile/manufactured homes, the department uses the same CDU rating system for depreciation.

- Other building and yard improvements (OBYS) – Application of quality grade factors and physical condition ratings.

Two quality grading systems are used for OBYS. The same numerical quality grade system (1-8) is used for some residential dwelling related structures. For other structures, including all agricultural buildings, an alphabetical grading scale is used. The grade factor is applied to the base cost of each OBY. Grade A and grade 5 (average) is the base with a grade factor of 1.00.

Numerical Grade	Construction Description	Grade Factor
1	Cheap	0.45
2	Poor	0.60
3	Low Cost	0.74
4	Fair	0.86
5	Average	1.00
6	Good	1.26
7	Very Good	1.56
8	Excellent	2.32

Alphabetical Grade	Construction Description	Grade Factor
C	Cheap	0.51
L	Low Cost	0.72
A	Average	1.00
G	Good	1.44
E	Excellent	1.86

Modification codes are used to make adjustments to the property characteristics not included in the base cost, such as plumbing, interior finish and wall height.

For residential OBYS, the physical condition of an OBY bears a direct relationship to the desirability and usefulness of that improvement. The OBY condition rating guide is used to generate a percent good estimate for different types of OBYS.

Residential OBY condition ratings	
Res Excellent	Residential OBY structure is in better than new condition; very attractive and highly desirable.
Res Good	Residential OBY structure has minor deterioration that is visible; slightly more attractive and desirable, but useful.
Res Average	Residential OBY structure exhibits normal wear and tear; average attractiveness and desirability.
Res Fair	Residential OBY structure has marked deterioration but still usable.
Res Poor	Residential OBY structure has definite deterioration which is obvious; undesirable and barely usable.
Res Unsound	Residential OBY structure is unsound and practically unfit for use.

- Review of properties under construction.

For unfinished construction of new structures, remodels and additions, department appraisers estimate the dwelling’s level of finished construction as of January 1 of the current tax year. A percent complete table with numerical percentage values for specific construction items is used to estimate the completion percentage.

Construction items included in the percent complete table	
Excavation – footings, foundation, basement, columns	Heating – roughed in
Joist, subfloor, floor	Insulation, walls and ceiling
Wall framing (thru top plates)	Drywall or plaster
Wall sheathing	Interior carpentry
Roof framing, ceiling joists, sheathing felt	Interior finish -paint, trim and wall cover
Roof cover	Floor covering
Exterior felt, siding, exterior trim	Cabinets and countertops
Windows, exterior doors	Plumbing - finish
Exterior prime and paint	Electric - finish
Plumbing – roughed in	Mechanical/heating – finish
Electric – roughed in	Hardware - finish

- Development of local county indexes.

When local construction cost data is collected, department staff analyze the data to develop local indexes for use in the cost approach. The department also utilizes local cost indexes from national accepted cost manuals referenced in the collection of data section of this manual. A local cost index factor is applied to a dwelling’s replacement cost new less depreciation (RCNLD) value to adjust for local construction costs.

- Development of cost and design factor.

A cost and design factor can be applied for residential dwellings with extraordinary architectural designs or structures of very poor quality. If these structures vary significantly from base specifications in the residential cost tables, a cost and design factor extracted from the market is applied to RCNLD.

- Calculation of economic condition factors (ECF).

Economic condition factors (ECF) are market adjustments used to adjust cost approach values to the market. Residential ECFs are calculated by comparing the average market values to average cost values for each market model. The uniform formula for calculating ECF is:

$$ECF = \frac{1 + (Average\ Market\ Value \div Average\ Cost\ Value - 1)}{1 - (Total\ Land\ Value \div Total\ Cost\ Value)}$$

The mobile/manufactured home ECF calculation is dependent on if a mobile/manufactured home market model was developed for a particular area. If a mobile/manufactured home market model was developed, the ECF is calculated similarly to the residential ECF by comparing the average market values to average cost values for a particular mobile/manufactured home market model. However, if a mobile/manufactured home market model was not developed, the ECF is calculated similarly to the commercial ECF, where the average sales prices are calculated from valid mobile/manufactured home sales, instead of using market values predicted by a market model.

- Testing and finalization of cost models.

Cost tables are tested and finalized in the CAMA system. No changes are made to the tables once they are finalized in the CAMA system's production environment for the valuation cycle 2019-2020.

COST APPROACH TO VALUE

The cost approach can be used to appraise all types of improved property and is frequently used to value unique properties.

The cost approach is used for parcels with non-typical circumstances and when there is insufficient sales data and a reliable market model cannot be developed. Examples include properties with:

- more than one dwelling unit;
- mixed-use properties (residential and commercial improvements);
- a high number of out buildings whose combined value significantly affects the overall property value;
- structures under construction or partially complete;
- land and improvements which are sold separately and typically under different ownership;
- mobile/manufactured homes classified as personal property when no market model exists;
- non-qualified agricultural parcels with land 20 to less than 160 acres that does not meet agricultural qualifications; and
- qualified agricultural parcels.

The steps the department uses to develop an estimate of value by the cost approach are provided below:

1. Value land as if vacant.
2. Estimate replacement cost new (RCN) of dwelling unit.
 - a. Calculate RCN for living area square footage. The formula for RCN for each level of living area is *base cost + (square foot x per square foot cost)*.
 - b. Make positive or negative base price adjustments to RCN to account for variation in base specifications.
 - c. Add additions costs to RCN.
 - d. Add miscellaneous features cost to RCN.
 - e. Apply quality grade factor to total residential dwelling, adjustments, additions and miscellaneous features value to determine RCN.
3. Deduct total accrued depreciation from RCN to determine replacement cost new less depreciation (RCNLD).
 - a. Accrued depreciation is expressed as a percent good derived from the dwelling's CDU rating and effective age.
4. Apply multipliers to RCNLD.
 - a. Percent complete factor
 - b. Cost and design factor
 - c. Local county index factor
 - d. Economic condition factor
5. For other building and yard improvements (OBY) located on the land, calculate adjusted RCNLD for all OBYs.
6. Add OBYs adjusted RCNLD to dwelling unit's adjusted RCNLD.
7. Add land value to total adjusted RCNLD to determine cost approach value.

INCOME MODELS - DEVELOPMENT

The department does not build income models for residential property valuation due to the lack of income data for single family residences. In most cases, the highest and best use of a residential property is as a single-family residence.

B. COMMERCIAL AND INDUSTRIAL PROPERTY

Commercial and industrial properties are typically valued using either the income or cost approach with the income approach being the preferred approach to value if relevant data is available.

SALES COMPARISON MODELS - DEVELOPMENT

The department generally does not develop sales comparison market models for commercial property due to the lack of similar sales data.

SALES COMPARISON APPROACH TO VALUE

As stated, due to the lack of similar sales data, the sales comparison approach is not considered a reliable approach to value for commercial property.

For industrial property, the department does track industrial property sales and allows property owners to submit comparable sales data for the department's use in completing a sales comparison approach to value when appropriate.

COST TABLES - DEVELOPMENT

Processes completed to develop the commercial and industrial property cost tables include:

- Collection of construction cost data – refer to the collection of data section for details on the cost data collection process.
- Development of the base building construction type cost tables for the ten basic structure types. (Refer to Appendix B in the commercial and industrial property characteristics for structure types.)

The base cost tables are used for the calculation of replacement cost new (RCN) for a building's basement, first floor and upper floor levels and include costs for:

- framing – the frame cost rate (dollars per square foot of floor area excluding basement area) as a function of construction class and basic structure type.
 - roofing – the cost rates for the roof framing and roofing materials (dollars per square foot of floor area covered) as a function of basic structure type. Insulation costs have been included in the roofing materials.
 - floor structure - the structural floor cost (dollars per square foot of the floor area) as a function of the basic structure type.
 - exterior wall material – the exterior wall material cost (dollars per square foot of wall area) as a function of material type code and the basic structure type. All wall material costs include insulation, normal openings and appropriate back-up materials when required.
 - ceiling and floor finish – the ceiling and floor finish cost (dollars per square foot of floor area) as a function of the basic structure type or multi-use type code.
 - basement – the basement wall cost rate (dollars per square foot of wall area) as a function of the construction class and basic structure type. The cost of waterproofing has been added.
- Development of cost tables for exterior wall materials.

- Development of interior cost tables for specific use type codes. Adjustments are made for:
 - Interior finish percent
 - Partitions
 - Heating
 - Air conditioning
 - Plumbing

Use type codes indicate how the structure is utilized. Refer to appendix B for a complete list of use type codes for commercial and industrial property.

- Development of cost tables for building other features (BOFs), attached improvements not included in the building area base cost, and other building and yard improvements (OBYs). Refer to appendix B for a complete list of commercial and industrial property BOFs, attached improvements and OBYs.

The base cost tables are developed from new construction costs gathered locally and from nationally accepted appraisal cost manuals referenced in the collection of data section of this manual. The base cost tables represent average cost figures.

- Application of quality grade factor.

Commercial buildings - Quality grade factors representative of the overall quality grade of workmanship and materials are assigned to each commercial/industrial building. The commercial CAMA system uses an alphabetic grading scale with “A” as average quality of construction.

Grade Letter	Construction Description	Grade Factor
L	Low Cost	.74
F	Fair	.84
A	Average	1.00
G	Good	1.33
V	Very Good	1.67
E	Excellent	1.84

- Development of physical condition/functional utility ratings and review of depreciation tables for calculation of percent good of the structure. The percent good of a structure is a function of:
 - observed age of the structure (effective age or actual age);
 - physical condition of the structure;
 - functional utility of the structure; and
 - expected normal economic life of the structure (based on structure type and construction class codes).

The depreciation tables are used to maintain uniformity in the mass appraisal for tax equalization purposes and reflect typical loss in value from physical deterioration and ordinary functional obsolescence based on the year built or effective year of the structure. Extraordinary functional obsolescence and economic obsolescence are considered on a case by case basis.

Commercial and industrial interior/exterior line physical condition ratings. A one-digit numeric code is selected denoting the physical condition of the interior/exterior line in relation to its age. Consideration is given to the foundation, frame, exterior walls, roof, heating, air conditioning, lighting and electrical systems, plumbing, internal walls and floor finish.	
1 - Poor	Interior/exterior line is structurally unsound. Major structural elements require replacement. The interior is in a dilapidated condition and does not appear suitable for use.
2 - Fair	Interior/exterior line shows marked wear and deterioration but the property is usable for commercial or industrial purposes. The structure could be characterized as needing work.
3 - Normal	Interior/exterior line shows only minor signs of physical deterioration due to wear and tear. There are a few indications of deferred maintenance and no significant repairs or replacements are necessary.
4 - Good	Interior/exterior line is in new or like new condition. There are no deficiencies in material or construction and no signs of deferred maintenance.
5 - Excellent	A new or a major renovation or rehabilitation of the interior/exterior line has taken place. The major renovation or rehabilitation has altered the condition of the interior/exterior area to that of a much newer building in good condition. The amount of work done to enhance the appearance and structural soundness of the interior/exterior line is far in excess of that required for normal maintenance.

Commercial and industrial interior/exterior line functional utility ratings. A one-digit numeric code is selected denoting the functional utility of the interior/exterior line. Functional utility is defined as the ability of the interior/exterior line to perform the function for which it is intended. It is the combined effect on marketability of the condition, utility and desirability of the property. Consideration is given to architecture, design, layout, sizes and types of rooms and performance standards.	
0 - None	The interior/exterior line adds nothing to the ability to perform the function for which the improvements are intended. The improvements can in no way be considered serviceable.
1 - Poor	The interior/exterior line adds little to the ability to perform the function for which the improvements are intended. Major renovation is necessary to allow the improvements to make an adequate contribution to service. There is no off-street parking available in the immediate area.
2 - Fair	The interior/exterior line adds to the ability to perform the function for which the improvements are intended, but the effect is minimal. There is still proper ingress and egress but minimal off-street parking is available in the area.
3 - Normal	The interior/exterior line adds an adequate amount to the ability to perform the function for which the improvements are intended. There is adequate off-street parking available in the immediate area.
4 - Good	The interior/exterior line has no functional deficiencies and the improvements are well suited to aid the ability to perform the function for which improvements are intended. There is more than adequate off-street parking available in the immediate area.

- Other building and yard improvements (OBYs) – Application of functionality and condition ratings to reflect the overall contribution of each OBY.

Commercial and industrial OBYS physical condition ratings.	
Com 1 Poor	Commercial OBY structure is in a dilapidated condition. It would be characterized as beyond repair.
Com 2 Fair	Commercial OBY structure shows signs of deferred maintenance, but the improvement does contribute to the commercial or industrial operation. The improvement could be characterized as needing work.
Com 3 Normal	Commercial OBY structure shows only minor signs of physical deterioration due to wear and tear. There are few indications of deferred maintenance.
Com 4 Good	Commercial OBY structure shows no signs of deferred maintenance. It could be characterized as in new or like new condition.
Com 5 Excellent	Commercial OBY structure has undergone major renovation or rehabilitation. Despite the actual age of the improvement, the effective age has been altered to a much newer improvement in good condition. The amount of work done to enhance the appearance and/or structural soundness of the improvement is more than what is required for normal maintenance.

Commercial and industrial OBYS functional utility ratings.	
0 - None	The OBY adds nothing to the ability of the property to perform the function for which it is intended. It can in no way be considered serviceable.
1 - Poor	The OBY adds little to the ability of the property to perform the function for which it is intended. Major renovation is necessary to allow the improvement to make an adequate contribution to service.
2 - Fair	The OBY adds to the ability of the property to perform the function for which it is intended, but the effect is minimal.
3 - Normal	The OBY adds an adequate amount to the ability of the property to perform the function for which it is intended.
4 - Good	The OBY has no functional deficiencies and the improvement is well suited to aid the ability of the property to perform the function for which it was intended.

The physical condition and functional utility ratings described above are determined by department appraisers for each interior/exterior line of a commercial or industrial structure and each OBY. The ratings are used in the table below to determine the overall physical condition/functional utility rating of each interior/exterior line and OBY. This rate is then used to establish the percent good of an interior/exterior line or OBY.

Commercial Depreciation - Physical Condition/Functional Utility Rating Table					
Physical Condition	Functional Utility				
	0-None	1-Poor	2-Fair	3-Normal	4-Good
1-Poor	10	9	8	7	6
2-Fair	10	8	6	5	4
3-Normal	8	6	5	3	2
4-Good	7	6	4	2	1
5-Excellent	6	5	3	2	1

- Development of local county indexes.

When local construction cost data is collected, department staff analyze the data to develop local indexes for use in the cost approach. The department also utilizes local cost indexes from nationally accepted cost manuals referenced in the collection of data section of this manual. A

local county index factor is applied to the replacement cost new less depreciation (RCNLD) value to adjust for local construction costs.

For Industrial property, the department uses a local cost index factor of 1.00 or 100 percent.

- Calculation of economic condition factors (ECF).

Economic condition factors (ECF) are market adjustments used to adjust cost approach values to the market. The commercial ECF calculation is the same as the residential calculation, except the average sales price is calculated from valid commercial sales, instead of using market values predicted by a market model. The uniform formula for calculating ECF for each market area/neighborhood is:

$$ECF = 1 + \frac{\text{Average Sale Price} \div \text{Average Cost Value} - 1}{1 - (\text{Total Land Value} \div \text{Total Cost Value})}$$

An ECF of 1.00 is used for industrial properties. The department does not include an ECF adjustment on industrial properties because of limited valid sales or income data on industrial properties to compare to cost estimates.

- Testing and finalization of cost models.

Cost models are tested and finalized in the CAMA system. No changes are made to the models once they are finalized in the CAMA system's production environment for the valuation cycle 2019-2020.

COST APPROACH TO VALUE

The cost approach can be used to appraise all types of improved property and is frequently used to value unique properties.

In the CAMA system, the application of the cost approach for a commercial or industrial building is organized by building sections. The sections are separated due to differing physical characteristics or use. A section can share a common wall or part of a common wall with another section or several sections.

Building sections are divided into exterior/interior lines. An exterior/interior line is defined as that portion of a building section having the following identical characteristics:

Dimensions	Exterior Wall Material	Heating System Type
Perimeter	Construction Type	Air Conditions Type
Use Type Code	Interior Finish Percent	Plumbing
Wall Height	Partitions	Physical Condition
Building Level		Functional Utility

The steps the department uses to develop an indication of value for commercial and industrial property by the cost approach are:

1. Value land as if vacant.
2. Estimate the total exterior wall cost for each exterior/interior line of a building based on the structure and use type.
 - a. Estimate building base rate by utilizing the building construction type cost table (based on the basic structure code, construction type and floor level).

- b. Make exterior wall rate adjustment to account for variation in exterior wall material base specification.
 - c. Determine perimeter area ratio (PAR) (perimeter of the building ÷ area of the building).
 - d. Determine the adjusted wall rate (exterior wall rate x PAR x wall height).
 - e. Estimate total exterior wall cost (building base rate + adjusted wall rate).
3. Estimate the total interior wall cost for each exterior/interior line of a building based on the structure and use type.
 - a. Estimate interior base rate by utilizing the interior cost schedule (based on use code).
 - b. Make adjustments for interior finish percentage, partitions, heating and air conditioning system type and plumbing.
 - c. Determine total interior rate (interior base rate + any adjustments).
4. Estimate total square foot rate (total exterior wall cost + total interior rate).
5. Estimate total exterior and interior wall cost (total square foot rate x area of interior/exterior lines).
6. Estimate the cost of building other features (BOFs) and attached improvements utilizing the cost table based on the BOF type code, unit of measure, and rate per unit.
Rate per unit x unit of measure = BOF value.
7. Estimate total building cost (total exterior and interior wall costs + BOF values).
8. Apply quality grade factor to total building cost to determine replacement cost new (RCN).
9. Deduct total accrued depreciation from RCN to determine replacement cost new less depreciation (RCNLD).
 - a. Accrued depreciation is expressed as a percent good derived from the physical condition/functional utility rating and effective age.
10. Apply multipliers to RCNLD.
 - a. Percent complete factor
 - b. Local county index factor
 - c. Economic condition factor
11. For other building and yard improvements (OBYs) located on the land, calculate RCNLD for all OBYs.
12. Add OBYs RCNLD to total adjusted RCNLD.
13. Add land value to total improvement RCNLD to determine cost approach value.

INCOME MODELS – DEVELOPMENT

The department creates income models for the following primary building types:

- Apartment
- Hotel/Motel
- Mini-warehouse
- Office
- Restaurant
- Retail
- Warehouse
- Other Units:
 - Boat Storage/Marina
 - Mobile Home RV Park
 - Parking Lot or Garage

Additional models may be developed when sufficient income and expense data and sales information is available for other property types.

The primary building type identifies the predominant use of the property, primary source of income and the capitalization rate that will be used in calculating the property value.

Processes completed to develop the income models for commercial property valuation.

- Collection of income and expense data – refer to collection of data section for details on the income and expensed data collection process.
- Stratification of income properties by:
 - primary building type;
 - location; and
 - other property characteristics maybe considered such as effective age, size, condition and quality grade.

Individual income models for all primary building types are created for each of the seven largest urban centers in the state: Butte, Great Falls, Billings, Missoula, Helena, Bozeman and Kalispell. In addition, three rural models are built for each primary building type.

- State A rural model – includes cities/towns that have defined local government, police and fire department paid or partly paid, established regional medical facility such as a hospital and nursing home, and generally a class A school.
- State B rural model – includes smaller city/towns than found in State A model. Typically, an incorporated town with established police protection, volunteer fire protection service, small hospital or nursing home and generally a class B school.
- State C rural model – includes very small towns and all areas not defined in another model. Towns may be incorporated with limited or no police protection and volunteer fire protection service. Typically, no medical services and generally has a class C school.

Statewide models maybe used when there is a limited amount of income and expense information and commercial sales data available.

- Calibration of income and expense data.

Department staff analyze and normalize income and expense data collected to develop typical rent ranges and expense percentages for each primary building type.

Any anomalies within the data set are removed. Adjustments are made for non-recurring revenues or atypical expenses so that the operating statement only reflects usual transactions.

- Calculation of potential gross income (PGI).

PGI is the total annual rent a property would produce if 100 percent occupied.

Rent ranges are developed using reported rents by primary building type and are localized by income model groups. A minimum and maximum market rent for each primary building type is determined. The rent range is incrementally implemented between seven rent rates.

- Determination of vacancy and collection losses through an analysis of similar properties.
- Calculation of other income.

Many properties may produce additional income from coin-operated laundries, parking, concessions, recreational facilities, etc.

- Estimation of effective gross income (EGI).

Effective gross income is equal to the sum of market rent less vacancy and collection loss plus other estimated income.

- Analysis of expenses.

Normal expenses are those that are necessary under typical management to operate and maintain a property and provide for replacement reserves.

Allowable expenses used in the income models	
Management	Trash and Snow Removal
Fees and Commissions	Other
Legal/Accounting	Insurance
Utilities	Ground Rent Paid
Payroll	Reserves for Replacement
Maintenance	

Expenses not allowed include depreciation, debt service and property taxes. When department staff develop the expense percent to be used in a model, only properties that have a positive net operating income (NOI) calculated from reported income and expense data are used.

Expense percentages are determined by using the median percent of all occurrences within the expense being analyzed. The median is the midpoint of an arrayed distribution of values and less affected by extreme high or low observations than average. Expenses per square foot are calculated as a percentage of the effective gross income (EGI).

- Normalization of net operating income (NOI)

$$NOI = EGI - Expenses$$

- Determination of capitalization rate.

Commercial properties that have sold and have provided income and expense information are used to develop the capitalization rate. The rate expresses the relationship between net income and value.

$$Capitalization Rate = Income \div Value$$

Properties that have sold and have a positive net operating income (NOI) can be used to calculate the capitalization rate.

$$Capitalization Rate = NOI \div Sales Price$$

- Determination of income multiplier.

Properties that have sold and have a positive gross income can be used to calculate the income multiplier.

Income Multiplier = Sales Price ÷ Gross Income (annual or monthly)

- Testing and finalization of income models.

Income models are tested to insure data is entered correctly in CAMA system and that when applied to income properties, the models produce accurate results. No changes are made to the models once they are finalized in the CAMA system's production environment for the valuation cycle 2019-2020.

Income Approach to Value

Income producing property is typically bought and sold on its ability to generate and maintain an income stream. The income approach converts future benefits of property ownership into an indication of present worth (market value). Present worth, which is the result of capitalizing net income, is the amount a prudent investor would be willing to pay now for the right to receive the future income stream.

Using the income approach, the department values commercial properties that have not sold or reported income and expense data by using income and expense data collected from similar properties.

The steps used to value commercial property by the income approach are:

1. Estimate potential gross income (PGI).
2. Deduct vacancy and collection loss.
3. Add miscellaneous income to arrive at effective gross income (EGI).
4. Deduct expenses from EGI to determine the net operating income (NOI).
5. Select the proper capitalization rate.
6. Capitalize the net income into an indication of present value.
net operating income ÷ capitalization rate = market value

The steps used to value industrial property by the income approach are:

1. Develop a discount rate for the industry being valued.
2. Company provided income and expense information is utilized to project net cash flows combined with a terminal value.
3. Yield capitalization, direct capitalization and/or other approaches, as deemed necessary, are utilized to convert the sum of the net cash flows and terminal value into an indication of present value.
4. Income approach conclusion of value is reconciled with the cost approach and sales approach (if applicable) to determine an industrial site's market value.

5. RECONCILIATION AND DETERMINATION OF FINAL VALUE

In reconciliation, department appraisers use their experience, expertise and professional judgment to resolve differences among the value estimates derived from the application of the approaches to value. The greatest weight is given to the approach to value that is most credible given the available data.

RESIDENTIAL PROPERTY

The sales comparison approach is the preferred approach to value for most residential properties and is given greatest weight when the comparable property's adjustments are within 200 comparability points or less and the location is similar. The multiple regression analysis (MRA) calculation of value which is generated through the sales comparison approach can also be selected as a final value for a property.

The cost approach is used for residential parcels with non-typical circumstances described in the residential cost approach section of this manual, when the comparability adjustment points are too high or if the appraiser feels that the comparable properties are not similar.

COMMERCIAL PROPERTY

The income approach is the preferred approach to value for commercial property. The cost approach is used when valuing a unique property or when an income model does not exist for a property's use type.

INDUSTRIAL PROPERTY

The cost approach is typically used to value industrial property. The department does invite industrial property owners to provide comparable sales data and income and expense data to aid in the department's development of a sales comparison and/or income approach to value.

APPENDICES

APPENDIX A – RESIDENTIAL PROPERTY CHARACTERISTICS DETAIL

Here is an example of a property record card provided in property.mt.gov. Users can search for a property by entering the property owner’s name, address, geocode or assessment code.

The screenshot displays the 'Property Record Card' interface on the Montana.gov website. The card is organized into several sections:

- General Information:** Includes fields for Property Number, Assessment Code, County, Levy District, Neighborhood, Situs Address, Legal Description, Owner Name, and Property Last Updated. A 'View Map' button and a small aerial map are also present.
- Value History:** A table with columns for Year, Market Value, and Taxable Value, showing data for the years 2010 through 2015.
- Property Characteristics:** A form with various fields such as Type, Living Units, Topography, Access, Location, Egressing, Parking, and Parking Proximity.
- Residential Dwellings:** A detailed section for SFR (Single-Family Residential) properties, listing numerous characteristics like Grade, Story Height, Attic, SFLA, Ext. Wall Finish, Roof Type, Foundation, Heat Cool, Fuel Type, System Type, Heated Area, Full Baths, Family Rooms, Fireplace Stacks, Fireplace Stories, Percent Complete, View, Mobile Home Make, and Mobile Home Length. Each field has a dropdown menu for selection.
- Additions:** A table with columns for Lower, First, Second, and Third, used for recording property additions.
- Miscellaneous Features:** A table with columns for Quantity and Feature, listing items like Deck, Pool, etc.
- Market Land:** A table with columns for Type, Method, Sq. Ft., Value, and Acres, detailing land parcels.
- Other Buildings & Improvements:** A table with columns for Type, Year Built, Condition, Grade, Quantity, and Functional, listing other structures on the property.

Most of the property characteristics on the property record card are self-explanatory as to the “type” and “number of”. Other characteristics need more explanation as only a number code is provided.

Note – many of the fields on the property record card are informational only and do not affect value. There may or may not be a value or description in some of the fields on the property record card.

Key for residential property characteristics displayed on property record card.

PROPERTY SITE CHARACTERISTICS

Property Type

EP	Exempt Property
EP_Part	Partial Exempt Property
Farm_R	Farmstead Rural
Farm_U	Farmstead Urban
IMP_R	Improved Property Rural
IMP_U	Improved Property Urban
KR	Condominium Rural
KU	Condominium Urban
Lease_R	On Leased Land Rural
Lease_U	On Leased Land Urban
TP	Tribal Property
TR	Townhouse Rural
TU	Townhouse Urban
VAC_R	Vacant Land Rural
VAC_U	Vacant Land Urban

Living Units

A living unit is defined as any room or group of rooms designed as the living quarters of one family or household, equipped with cooking and toilet facilities and having an independent entrance from a public hall or from the outside.

Site Size

Square Footage or Acres

Topography

1	Level
2	Above Street
3	Below Street
4	Rolling
5	Steep
6	Low
7	Swampy
8	Agricultural/Forest Land

Utilities

0	None
1	All Public
2	All Underground
3	Public Water
4	Public Sewer
5	Community Water
6	Community Sewer
7	Well
8	Septic
9	Gas

Access

0	Landlocked/None
1	Paved Road
2	Semi-improved Road
3	Dirt Road
4	Proposed Road
5	Seasonal Access
6	Sidewalk
7	Alley
8	Railroad
9	River or Waterway

Location

0	Rural Land
5	Neighborhood or Spot
8	Apartment/Condominium Complex
9	Golf Course

Fronting

0	None
1	Major Strip or Central Business District
2	Secondary Artery
3	Secondary Street
4	Residential Street
5	Residential Lane
6	Cul-De-Sac
7	Dead End
8	Frontage Road
9	Private Road

Parking

0	None
1	Off Street
2	On Street
3	Off and On Street
4	Parking Garage

Parking Proximity

0	Far
1	Near
2	Adjacent
3	On Site

Parking Quantity

0	None
1	Minimum
2	Adequate
3	Abundant

RESIDENTIAL DWELLING CHARACTERISTICS**Residential Type**

Single Family Residence (SFR)
Condominium
Townhouse
Single Wide
Double Wide
Triple Wide
Quad

Architectural Style

01	Bi-Level	13	A-Frame
02	Split-Level	14	Other
03	Ranch	18	Shotgun
04	Modern	19	Foursquare
05	Traditional/Victorian	20	Condo – Patio Home
06	Early American	21	Condo – Duplex
07	Earth Sheltered	22	Condo – Rowhouse
08	Conventional	23	Condo – Multi Level
09	Bungalow	24	Townhouse – Patio Home
10	Old Style	25	Townhouse – Duplex
11	Log	26	Townhouse – Row

Class Code

A complete list of the different property class codes is available at revenue.mt.gov.

Grade – Residential Dwellings

There are ten grades for residential dwellings. Grade represents quality and applies to architectural design, workmanship and type of materials. The combination of quality workmanship and materials reflects increased cost and value.

The grading of structures is used to distinguish between variations in value and to identify the full range of conventional single family residential construction. The value of a dwelling constructed of high quality materials and with the best of workmanship throughout may be considerably more than that of one built from the same floor plan with inferior materials and workmanship.

The residential system uses a numerical grading scale with 5 being the average quality of construction and a range of grades from a low of 1 (cheap construction) to a high of 10 (extraordinary construction). A brief description of each residential grade is provided below. Refer to appendix A for detailed construction specifications within each grade.

Grade 1 - Cheap Quality Residences are of very low-cost construction built with low quality materials and substandard workmanship. These residential structures will not meet minimum building code requirements. Exterior and interior finishes are very plain. These structures are built for minimal habitation and are distinguished by the absence of a perimeter foundation, plumbing, and heating system.

Grade 2 - Poor Quality Residences are of substandard construction, built with low cost materials and below average workmanship. These residential structures will not meet most minimum building code requirements. Exterior and interior finishes are plain with little or no trim. These houses are built for function, with little attention to design.

Grade 3 - Low Cost Quality Residences are of low cost construction built with low cost materials and average workmanship but will meet most minimum building code requirements. Exterior and interior finishes are plain, minimum fenestration with inexpensive sash and little or no trim. These homes are built for function, not appearance.

Grade 4 – Fair Quality Residences are of fair quality construction built with average materials and workmanship. These houses will meet minimum building codes and construction requirements of lending institutions and mortgage insuring agencies. Exterior ornamentation is usually limited to the front elevation and with a minimum amount of inexpensive fenestration. Interior finishes are plain with few refinements. These homes are usually designed from stock plans for speculative residential developments.

Grade 5 – Average Quality Residences are of average construction built with average quality materials and acceptable workmanship. These houses will meet or exceed minimum building codes and the construction requirements of lending institutions and mortgage insuring agencies. Exterior ornamentation is frequently limited to the front elevation but with an adequate amount of standard quality aluminum or wood sash fenestration. Interior finishes and trim are simple. Doors are medium grade, hollow core with stock hardware. These homes are frequently designed for mass production.

Grade 6 – Good Quality Residences are of good quality construction built with good quality materials and workmanship and will have some custom craftsmanship. These houses will exceed minimum building codes and construction requirements for lending institutions and mortgage insuring agencies. Exterior ornamentation reflects some attention to detail with ample and good quality fenestration throughout. Interiors are well finished usually with good quality wall treatments and trim, doors are good quality hollow core with attractive hardware. These homes are frequently custom built but may be mass produced in above average residential developments

Grade 7 – Very Good Quality Residences are of high quality construction, built with high quality materials, workmanship and custom craftsmanship. Exterior ornamentation shows refinements with good quality fenestration throughout. Interiors are well finished with good quality wall coverings or wood paneling and hardware. These homes are usually individually designed.

Grade 8 – Excellent Quality Residences are of highest quality construction built with best quality materials and workmanship with custom craftsmanship throughout. Exterior ornamentation reflects considerable attention to detail with well-designed high-quality fenestration. Interiors are well finished with highest quality wall coverings or hardwood paneling. These homes are individually designed and are usually unique, however, the base specifications do not represent the highest costs in residential construction

Grade 9 – Superior Quality Residences are of superior quality construction built with best quality materials and workmanship with custom craftsmanship throughout with considerable attention to detail, and are typically unique in design. Exterior ornamentation reflects considerable attention to detail with well-designed superior quality fenestration. Interiors are superbly finished with superior quality wall coverings or hardwood paneling. However, the base specifications do not represent the highest costs in residential construction.

Grade 10 – Extraordinary Quality Residences are of superior quality construction built with best quality materials and workmanship with custom craftsmanship throughout with considerable attention to detail. Exterior ornamentation reflects considerable attention to detail with well-designed superior quality fenestration. Interiors are superbly finished with superior quality wall coverings or hardwood paneling. These homes are individually designed and are usually unique. However, the base specifications do not represent the highest costs in residential construction.

Grade – Mobile/Manufactured Homes

For mobile/manufactured homes, the residential grade system uses an alphabetic grading scale.

Grade C- Cheap quality mobile/ manufactured homes are generally built prior to June 15, 1976 and do not meet the Federal Manufactured Home Construction and Safety Standards as outlined in Title VI, Housing and Development Act of 1974. These mobile homes are built for minimal habitation. Workmanship and materials are of the cheapest quality, with no attention to design. Ceiling height is typically 7'-7'6."

Grade L – Low Cost Quality mobile/manufactured homes are generally built to minimum construction standards established by the industry and most states. Workmanship and materials are of below average quality, with little or no attention to design. Ceiling height is typically 7'-7'6." Roofs may be arched or a low gable.

Grade A – Average quality mobile/manufactured homes will usually meet or exceed mobile home code and manufactured home construction standards requirements. Materials and workmanship are of average quality. Interior finishes are simple. Ceiling height is typically 7'6" – 8' With a gable roof.

Grade G – Good quality mobile/manufactured homes will generally exceed minimum mobile home code and manufactured home construction standard requirements. With these mobile/manufactured homes some detail and ornamentation is given to interior finishes and exterior design. These mobile/manufactured homes typically have a gable roof with an 8'0" ceiling height with some vaulted areas.

Grade E – Excellent quality mobile/manufactured homes will exceed minimum requirements of mobile home codes and manufactured home construction standards. Exterior and interior finishes are similar to

the quality of those found in site-built residences, with attention given to ornamentation and trim. Ceiling heights are typically 8'0" with some vaulted areas.

Story Height

1	One story
1.5	One and one-half story
2	Two stories
2.5	Two and one-half stories
3	Three stories
3.5	Three and one-half stories

Attic Type

0	None
1	Unfinished
2	Partly Finished –Approximately 20 percent of total square footage has 6 foot or taller wall height (usable area).
3	Fully Finished –Approximately 40 percent of total square footage has 6 foot or taller wall height (usable area).
4	Fully Finished with Dormers – Approximately 55 percent of total square footage has 6 foot or taller wall height (usable area).

Square Foot Living Area (SFLA)

The square footage of the total above grade finished living area.

Year Built

Year built refers to the original date of construction.

Effective Year

Effective year, when used, will determine effective age and is the age of a structure with respect to condition and utility, as of the valuation date. Effective year is an optional entry on the property record card. If effective year is determined by the department appraiser, it will override the year of construction in determining the depreciation for the structure. If the condition of a structure is better than average, the effective year will be more recent than the actual year built. If the condition is worse than average, the effective year may be prior to the actual year built. Even in the same markets, similar structures do not necessarily depreciate at the same rate. The maintenance standards of owners or occupants can influence the pace of depreciation.

Year Remodeled

Refers to the date of the last extensive remodeling. This field is descriptive only and does not affect depreciation calculations. Appraisers use this information to help determine the correct effective year for the structure.

Exterior Wall

Predominate type of wall construction	
1	Frame
2	Masonry/Frame
3	Masonry
4	Log (not log over frame)

Exterior Wall Finish

Predominate type of exterior wall finish	
0	Other
1	Stucco
2	Shingle
3	Masonite
4	Asbestos
5	Maintenance free aluminum/vinyl/steel siding
6	Wood siding or sheathing
7	Stone
8	Brick
9	Block

Roof Type

0	Other
1	Flat
2	Hip
3	Gable
4	Gambrel
5	Shed
6	Mansard
7	Arched
8	A-Frame
9	Broken Gable

Daylight Basement

Yes or No entry. To qualify as a daylight basement, one or both of the following conditions must be met:

- The major portion of at least one wall must be exposed and the outside entrance must be at ground level.
- Residential dwellings with four feet or more of the basement above grade are considered to have daylight basements.

Finished Basement Area

Square footage of finished basement area.

Roof Material

1	Wood Shingle
2	Slate
3	Tile
4	Copper
5	Metal
6	Wood Shake
7	Composition Roll
8	Built Up Tar and Gravel
9	Asbestos
10	Asphalt Shingle
11	Other

Foundation

0	None
1	Wooden or Masonry Piers/Posts
2	Concrete
3	Slab
4	Wood
5	Block
6	Stone
7	Other
8	Concrete with helical pier

Basement Type

0	None
1	Crawlspace
2	Partial
3	Full

Basement Finish Quality

1	Minimal – Refers to a relatively open undivided area finished with a cheap quality of materials and workmanship inconsistent with the main living area of the dwelling.
2	Fair – Refers to an area with minimal partitioning finished with low-quality materials and workmanship that is below the quality of the main living area of the dwelling.
3	Typical – Refers to a divided area finished with a quality of materials and workmanship consistent with the main living area of the dwelling.
4	Good – Refers to a divided basement area finished with a quality of materials and workmanship higher than that of the main living area of the dwelling.

Heating/Cooling System

None
Non-Central
Central
Central/AC

Heating Fuel Type

0	None
1	Coal
2	Oil
3	Gas
4	Electricity
5	Solar
6	Wood
7	Geothermal

Heating System Type

1	Floor/Wall/Space
2	Hot Water/Water Radiant
3	Steam
4	Gravity Hot Air
5	Forced Air
6	Heat Pump
7	Electric Baseboard/Electric Radiant
8	Package Air Conditioning
9	Hot/Cool Air

Bedrooms

Independent living areas with a privacy door and a reach-in or walk-in closet for clothes storage and a window are counted as bedrooms. Rooms in a basement are counted as bedrooms if the room has a privacy door, reach-in or walk-in closet and a window. The window does not have to be an egress window (four feet by four feet). If a room meets the above criteria, but is being utilized for some other purpose (such as a den), it is included in the bedroom count.

Full Baths

Number of three fixture bathrooms which include a sink, toilet and bathtub or shower stall. A bathtub with a shower head is considered one fixture.

Half Baths

Number of two fixture bathrooms which include a sink and toilet.

Fireplace Stacks

Number of chimneys for wood burning fireplaces constructed of masonry.

Fireplace Stories

For each chimney stack, department staff count the number of stories of the portion of the building where the chimney stack is attached. The story heights of all chimney stacks are added to together.

Fireplace Openings

Number of fireplace openings for each chimney. All openings from all chimney stacks are added together.

Prefabricated Fireplace and Stove

Number of prefabricated fireplaces and stoves.

Additional Fixtures

Individual plumbing fixtures are those not counted in full baths or half bath counts. Additional fixtures can include water heaters, kitchen sinks, wet bars, sinks in recreation areas, laundry tubs and automatic washer hookup.

Garage Car Capacity

Number of garage stalls associated with the dwelling. (For informational use only.)

Percent Complete

For unfinished construction – new structures, remodels and additions. An overall percentage is determined based on the level of finished construction as of January 1 of the current tax year.

View

Golf course, lake or mountain views.

Access Amenities

Ski, golf course or water access.

Manufactured Home Make, Model Length and Width

Exterior measurements are used to determine width and length of mobile homes.

Additions

Residential additions are areas attached to but not included in the square foot living area of the dwelling. Additions are reported according to their floor level (lower level or basement, first floor, second floor or third (any floor above second floor)).

Addition Codes and Descriptions

11	Porch, Frame, Open	39	Deck, Vinyl/Finished
12	Porch, Frame, Screened	40	Carport, Masonry, Finished
14	Porch, Frame, Enclosed	41	Garage Extension, Masonry, Finished
15	Utility Area, Frame, Finished	43	Deck, Wood, Polymer
19	Garage, Frame, Finished	50	Basement, Unfinished
21	Porch, Masonry, Open	51	Garage Extension, Frame, Unfinished
22	Porch, Masonry, Screened	61	Garage Extension, Masonry, Unfinished
24	Porch, Masonry, Enclosed	65	Utility Area, Masonry, Unfinished
25	Utility Area, Masonry, Finished	68	Attic, Unfinished
29	Garage, Masonry, Finished	69	Garage, Frame, Unfinished
30	Carport, Frame, Finished	75	Utility Area, Masonry, Unfinished
31	Garage Extension, Frame, Finished	79	Garage, Masonry, Unfinished
32	Canopy, Frame, Finished	80	Carport, Frame, Unfinished
33	Deck, Wood	82	Canopy, Frame, Unfinished
34	Deck, Concrete	91	Mobile Home Addition
35	Deck, Stone or Tile	92	Expandos and Tip Outs
37	Greenhouse, Attached	97	Solar Collector Area
38	Solar Room, Attached	98	Mobile Home Enclosed Porch

Miscellaneous Features

Basement Garage, 1-5 Cars
Central Vacuum System
Residential Elevator, 2 or 3 stops
Home Entertainment System
Home Theater System
Residential Lap Pool
Miscellaneous Built-Ins
Spa Bathtub
Stair Lift
Sauna

Other Buildings & Yard Improvements (OBYs)

OBYs are detached structures and yard improvements located on a property. Each OBY is coded with a grade specification for quality and rating for physical condition.

Boat Houses and Docks	Miscellaneous Outbuildings
Carports	Decks, Patios, Stoops and Gazebos
Detached Garages	Residential Coolers and Freezers
Garages, Attached on Outbuildings	Fencings
Greenhouses	Swimming Pools
Living Areas in Outbuildings	Tennis Courts
Sheds and Utility Buildings	Paving (asphalt and concrete)
Yurt	

APPENDIX B – COMMERCIAL AND INDUSTRIAL PROPERTY CHARACTERISTICS

Here is an example of a property record card provided in property.mt.gov. Users can search for a property by entering the property owner’s name, address, geocode or assessment code.

The screenshot displays the 'Property Record Card' interface on the Montana.gov website. The page is organized into several sections:

- General Information:** Includes fields for Property Number, Assessment Code, County, Levy District, Neighborhood, Situs Address, Legal Description, Owner Name, and Property Last Updated. A 'Open Map' button and a small map are also present.
- Value History:** A table with columns for Year, Market Value, and Taxable Value.
- Property Characteristics:** A table with fields for Type, Living Units, Topography, Access, Location, Fronting, Parking, and Parking Proximity.
- Market Land:** A table with columns for Type, Value, Method, Sq. Ft., and Acres.
- Other Buildings & Improvements:** A table with columns for Type, Value, Year Built, Condition, Grade, Quantity, and Functional.
- Commercial Structures:** A table with columns for Type, RCNLD, Class, Grade, Year Built, Units, Effective Year, and Identical Units.
- Interior Exterior:** A detailed table listing characteristics for five units (1-5), including Wall Height, Wall Type, Construction Class, Heat Type, AC Type, Phys. Condition, and Plumbing/Functional status.

The footer of the page includes the Montana.gov logo, 'OFFICIAL STATE WEBSITE', 'Montana Department of Revenue', and 'Privacy & Security Policy'.

Most of the property characteristics on the card are self-explanatory as to the “type” and “number of”. Other characteristics need more explanation as only a number code is provided online.

Note – many of the fields on the property record card are informational only and do not affect value. There may or may not be a value or description in some of the fields on the property record card.

Key for commercial/industrial property characteristics displayed on property record card.

Property Site Information

Property Type

APT_R	Apartment Rural
APT_U	Apartment Urban
EP	Exempt Property
EP_Part	Partial Exempt Property
Golf	Golf Course
Gravel	Gravel Pit
IMP_R	Improved Property Rural
IMP_U	Improved Property Urban
IR	Industrial Rural
IU	Industrial Urban
KR	Condominium Rural
KU	Condominium Urban

LA	Locally Assessed Utility
Lease_R	On Leased Land Urban
Lease_U	On Leased Land Urban
Oil_IMP	Oilfield Improvements
Park_R	Manufactured Home Park Rural
Park_U	Manufactured Home Park Urban
RV Park	RV Park
TR	Townhouse Rural
TU	Townhouse Urban
TP	Tribal Property
VAC_R	Vacant Land Rural
VAC_U	Vacant Land Urban

Living Units

A living unit is defined as any room or group of rooms designed as the living quarters of one family or household, equipped with cooking and toilet facilities and having an independent entrance from a public hall or from the outside.

Site Size

Square Footage or Acres

Topography

1	Level
2	Above Street
3	Below Street
4	Rolling
5	Steep
6	Low
7	Swampy
8	Agricultural/Forest Land

Utilities

0	None
1	All Public
2	All Underground
3	Public Water
4	Public Sewer
5	Community Water
6	Community Sewer
7	Well
8	Septic
9	Gas

Access

0	Landlocked/None
1	Paved Road
2	Semi-improved Road
3	Dirt Road
4	Proposed Road
5	Seasonal Access
6	Sidewalk
7	Alley
8	Railroad
9	River or Waterway

Location

0	Rural Land
5	Neighborhood or Spot
8	Apartment/Condominium Complex
9	Golf Course

Fronting

0	None
1	Major Strip or Central Business District
2	Secondary Artery
3	Secondary Street
4	Residential Street
5	Residential Lane
6	Cul-De-Sac
7	Dead End
8	Frontage Road
9	Private Road

Parking

0	None
1	Off Street
2	On Street
3	Off and On Street
4	Parking Garage

Parking Quantity

0	None
1	Minimum
2	Adequate
3	Abundant

Parking Proximity

0	Far
1	Near
2	Adjacent
3	On Site

Commercial Structures Characteristics**Commercial/Industrial Structure Type**

The structure type code describes the primary purpose of the commercial/industry building as a whole. A building may have been constructed for multiple purposes, but only one structure type code is used to describe the building as a whole. Individual areas within the building will be defined by their use type. The complete list of all commercial/industrial structure types is not provided in this manual. The structure type description is displayed on the property record card found in property.mt.gov.

Class Code

A complete list of the different property class codes is available at revenue.mt.gov.

Grade

L	Low Cost
F	Fair
A	Average
G	Good
V	Very Good
E	Excellent

Year Built

Year structure was built. If owner or tenant does not know the actual year, department appraisers enter the best estimate possible.

Effective Year

Effective year, when used, will determine effective age and is the age of a structure with respect to condition and utility, as of the valuation date. Effective year is an optional entry on the property record card. If effective year is determined by the department appraiser, it will override the year of construction in determining the depreciation for the structure. If the condition of a structure is better than average, the effective year will be more recent than the actual year built. If the condition is worse than average, the effective year may be prior to the actual year built. Even in the same markets, similar structures do not necessarily depreciate at the same rate. The maintenance standards of owners or occupants can influence the pace of depreciation.

Year Remodeled

Refers to the date of the last extensive remodeling. This field is descriptive only and does not affect depreciation calculations. Appraisers use this information to help determine the correct effective year for the structure.

Number of units per building

Number of measurable units applicable for the building structure type coded.

Number of identical buildings

Number of identical buildings located on the parcel.

Interior/Exterior Characteristics Per Building

Use Type

Use type code describes the current use of the interior/exterior line.

Use Code	Use Description
000	None
011	Apartment
012	Hotel
013	Motel
014	Assisted Living
021	Dormitory
024	Dwelling, Conversion – Multiple
025	Dwelling, Conversion – Office
026	Dwelling, Conversion – Sales
027	Dwelling
030	Laundromat/Dry Cleaners
031	Restaurant
032	Department Store
033	Discount Store/Market
034	Retail
035	Tavern/Bar
036	Lounge
037	Cafeteria
038	Convenience Store
039	Dairy Sales
040	Barber/Beauty Shop
041	Mini Warehouse
042	Hanger
043	Manufacturing
044	Light Manufacturing
045	Warehouse
046	Auto Showroom/Office
047	Auto Parts/Service
048	Tennis Club
049	Racquetball Court
050	Skating Rink (Ice or Roller)
051	Bank/Savings Institution
052	Medical Center

Use Code	Use Description
053	Office
054	Nursing Home
055	School
056	Hospital
057	Library
058	Funeral Home
059	Post Office
061	Auditorium/Theatre
062	Theatre
063	Religious Institution
064	Social/Fraternal Hall
070	Service Station with Bays
071	Service Station, Conversion Rental
074	Car Wash Manual
075	Car Wash Automatic
077	Truck Terminal
078	Distribution Warehouse
079	Cold Storage Warehouse
080	Flex Warehouse
081	Multi-Use Apartment
082	Multi-Use Apartment
083	Multi-Use Sales
084	Multi-Use Storage
085	Enclosure
086	Support Area
088	Restroom/Locker Facility
090	Parking Garage
091	Basement, Residential Unfinished
095	Covered/Enclosed Mall
100	Franchise Restaurant
199	Local Fast Food
990	Parking, Upper Deck

Wall Height

Height of wall described in the interior/exterior line. Measurement is made from floor to floor.

Exterior Wall Material

Type of exterior wall material of an interior/exterior line.

00	None
01	Brick or Stone
02	Frame
03	Concrete Block
04	Brick and Concrete Block
05	Tile
06	Masonry and Frame
07	Metal, Light
08	Metal, Sandwich
09	Concrete Load Bearing
10	Concrete Non-Load Bearing
11	Glass
12	Glass/Masonry
13	Enclosure
14	Concrete Tilt Up
15	Solar Glass
16	Asbestos Corrugated Rigid
17	Native Stone
18	Log

Construction Class

Class of construction of the interior/exterior line.

1	Wood Frame/Joist Beam
2	Fire Resistant
3	Fireproof
4	Pre-Engineered Steel

Area

Gross square foot area of the interior/exterior line.

Interior finish percentage

Extent of interior finish based on structure type code and use type of interior/exterior line.

Partitions

Describes the extent of interior partition walls within the interior/exterior line.

0	None	Indicates there are no interior partitions in structure.
1	Below Normal	Indicates most similar structures typically have more partitions than the subject structure.
2	Normal	Indicates the interior has about the same extent of partitioning that is typically found in similar structures used for the same purpose.
3	Above Normal	Indicates structure has extensive interior partitioning when compared to similar structures used for the same purpose.

Heating System Type

Predominant heating system type utilized within the interior/exterior line.

0	None
1	Hot Air
2	Hot Water or Steam
3	Unit Heaters or Space Heaters
4	Electric
5	Heat Pump
6	Solar

Air Conditioning Type

Type of air conditioning within the interior/exterior line.

0	None
1	Central
2	Unit – Air conditioning to the structure provided by individual units that are valued as real property.

Plumbing

Describes the extent and adequacy of the plumbing and piping system within the interior/exterior line in comparison to similar structures.

0	None
1	Below Normal
2	Normal
3	Above Normal

Building Other Features

The type, number of and value of all miscellaneous features are displayed on the property record card in property.mt.gov.

Elevators/Escalators

The type, number of and value of all elevators/escalators are displayed on the property record card in property.mt.gov.

Other Buildings & Yard Improvements (OBYs)

OBYs are additional structures or site improvements that are not part of the principle structure located on a property. Each OBY is evaluated as to its function and condition. The list of all commercial and industrial OBYs is not provided in this manual. The description of each OBY is displayed on the property record card found in property.mt.gov.

Physical Condition

Description of the physical condition of the interior/exterior line in relation to its age. Consideration is given to the foundation, frame, exterior walls, roof, heating, air conditioning, lighting, and electrical systems, plumbing, internal walls and floor finish.

1	Poor
2	Fair
3	Normal
4	Good
5	Excellent

Functional Utility

Description of the functional utility of the interior/exterior line in relation to current market expectations. Consideration is given to architecture, design, layout, sizes and types of rooms.

0	None
1	Poor
2	Fair
3	Normal
4	Good

APPENDIX C- RESIDENTIAL SALES VERIFICATION FORM



MONTANA
AB-60R
Rev 06 17

RESIDENTIAL SALES VERIFICATION

[<_CurrentDate_] _____

[<_BuyerName_] _____

[<_BuyerDefaultAddress_] _____

Property ID	[<_PropertyID_] _____
Assessment Code	[<_AssessmentCode_] _____
Property Address	[<_SitusAddress_] _____
Legal Description	[<_LegalDesc_] _____
Sale Date	[<_SaleDate_] _____
NBHD Code	[<_NbhdCode_] _____

The Department of Revenue shares Montana taxpayers' concerns about fair and equitable valuation of all property statewide. An analysis of property sales is an important component of determining accurate market values.

We want to ensure that our information about the property sale referenced above is correct. Please assist us by completing this questionnaire and returning it to us within ten (10) days in the envelope provided. This information will be considered confidential.

An appraiser from our office may visit your property to verify property record data and sales information. If you have any questions, please call your local Department of Revenue office at [<_OfficeTelephoneNo_] _____ or visit the local office at [<_OfficeSitusAddr1_] _____, [<_OfficeSitusAddr2_] _____, [<_OfficeSitusAddr3_] _____.

PLEASE ANSWER THE FOLLOWING QUESTIONS

1. Sale Type (Check One)

- Typical market sale
- Sale between immediate family members (specify the relationship) _____
- Sale involving corporate affiliates belonging to the same parent company
- Sale of convenience (correct defects in title, create a joint or common tenancy, etc.)
- Auction sale
- Deed transfer in lieu of foreclosure or repossession
- Forced sale or sheriff's sale
- Sale by judicial order (guardian, executor, conservator)
- Sale involving a government agency or public utility
- Buyer (new owner) is a religious, charitable or benevolent organization, school or educational association
- Land contract or contract for deed
- Sale of only a partial interest in the real estate
- Sale involving a trade or exchange of properties
- Other _____

2. What was the use of property at the time of sale? (check one)

- Single family residence
- Farm/ranch with residence
- Condominium unit
- Multifamily
- Other (specify) _____
- Agricultural land
- Vacant land
- Commercial/industrial
- Commercial use in residential area

3. Was the property rented or leased at the time of sale?

Yes No

4. Did the sale price include an existing business? Yes No

5. Was any personal property (such as furniture, equipment, machinery, livestock, crops, business franchise, inventory, etc.) included in the sales price? Yes No

If yes, estimated value \$ _____

Describe _____

6. Any recent changes to the property since the sale date?

- Yes No
- New Construction
- Demolition
- Remodeling
- Additions

Was the work performed by a professional? Yes No

Date Completed ____ / ____ / ____

Estimated cost of labor and materials? \$ _____

7. Any change in use since sale date? Yes No

If yes, explain _____

8. Does the buyer hold title to any adjoining property?

Yes No

9. Was there an appraisal made on the property?

Yes No

10. Were any delinquent taxes assumed by the purchase?

Yes - Amount \$ _____ No

11. Were any special assessments or street improvement districts (SIDs) assumed by the purchaser?

Yes - Amount \$ _____ No

12. How was the property marketed? (check all that apply)

- Listed with real estate agent
- For sale by owner (FSBO)
- Advertised in the newspaper
- Offered by word of mouth
- Internet listing
- Private offer
- Other _____

13. Was the property made available to other potential purchasers?

Yes No

If not, explain _____

14. Was the sale influenced by any unusual circumstances?

Yes No

If yes, explain _____

15. How long was the property on the market? _____

16. What was the asking price? _____

17. What was the Total Sale Price \$ _____

18. What date was the sale price agreed upon?

____ / ____ / ____

19. What was the method of financing? (check all that apply)

- New loan(s) from a financial institution
- Name of lending institution _____
- Cash down payment \$ _____
- Amount \$ _____ Interest rate _____ % Term _____
- Assumption of existing loan(s)
- Amount \$ _____ Interest rate _____ % Term _____
- Seller financing
- Amount \$ _____ Interest rate _____ % Term _____
- Trade of property - estimated value \$ _____

Describe traded property _____

All cash Not applicable

20. Was any financial assistance (loan charges, sale concessions, gift or down payment assistance, etc.) paid by any party on behalf of the borrower?

Yes No

If yes, dollar amount \$ _____ included in the total sale price?

Yes No

Interior Information

Room Identification

Indicate the number of finished rooms on each level. Finished means no exposed framing.

	Basement	First Story	Half Story	Second Story	Attic	Additional Dwelling Unit
Living Room	_____	_____	_____	_____	_____	_____
Dining Room	_____	_____	_____	_____	_____	_____
Family/Den/Rec/ Bonus Room	_____	_____	_____	_____	_____	_____
Bedroom with a window and closet	_____	_____	_____	_____	_____	_____
Full and ¾ Bath	_____	_____	_____	_____	_____	_____
Half Bath	_____	_____	_____	_____	_____	_____
Kitchens	_____	_____	_____	_____	_____	_____
Laundry Hookups	_____	_____	_____	_____	_____	_____

Basement

Full Partial Crawlspace Slab None

If you have a full or partial basement, what is the square footage or percentage that is finished? _____

If you have a basement that is unfinished (exposed framing throughout), is plumbing roughed in without fixtures? Yes No

Attic

If you have an attic with a permanent staircase, what is the square footage or percentage that is finished? _____

Heating/Cooling Systems

Heating source Electric Gas Oil Wood Geothermal Solar None

Heating system Hot Water Baseboard Hot Water Radiant Forced Air Heat Pump Electric Baseboard

Electric Radiant Steam Gravity Hot Air Floor or Wall Unit

Central air cooling system Yes No

Miscellaneous Features

Security System Sound System Central Vacuum Wine Refrigerator Wet Bar Utility Sink

Extra Kitchen Sink Jetted Bathtub Pet Bathtub Lap Pool

Provide the number of Hot Water Heaters _____ Wood/Gas Stoves _____ Chimney Fireplaces _____

Other Improvements

Attached Garage Heated Yes No Insulated Yes No

Detached Garage Heated Yes No Insulated Yes No

Deck - Covered Open

Patio - Covered Open

Porch - Enclosed Open

Sauna

Solarium

Swimming Pool (type of construction) Vinyl Concrete Granite Fiberglass Other _____

Outbuildings

Framed Construction - number of buildings _____

Pole Construction - number of buildings _____

Other Information

Is your house a manufactured home? Yes No

If yes, do you have a FHA/HUD engineer's report for the foundation? Yes No

Signature

This questionnaire was completed by (please print) _____

Daytime Phone Number _____

Signature _____ Date ____ / ____ / ____

For Office Use Only

Name of Person Contacted _____ Date ____ / ____ / ____

How Person Was Contacted On-site Visit Phone Mail

Signature of Verifier _____ Date ____ / ____ / ____

Determination of Sale Valid Invalid - state reason _____

APPENDIX D – MANUFACTURED HOME SALES VERIFICATION FORM



Montana Department of
REVENUE

Form AB-60R
2/2004

MANUFACTURED HOUSING SALES VERIFICATION

6/14/2018

Property ID
Assessment Code
Property Address

LEGAL DESCRIPTION:

Sale Date
Nbhd-Code

The Department of Revenue shares Montana taxpayers' concerns about fair and equitable valuation of all property statewide. An important component of determining accurate market values is an analysis of property sales. This practice is consistent with the same technique used by fee appraisers.

We want to ensure that our information about the property sale reference above is correct. Please assist us by completing this questionnaire and returning it to us within ten (10) days. **This information will be considered confidential.**

An appraiser from our office will visit your property to verify property record data and sales information. If you have any questions, please call your local Department of Revenue office at or visit the local office at , , .

QUESTIONNAIRE

Description of the Sale

- Total Sale Price \$ _____ Date of Sale _____ Cash Down Payment \$ _____
Description Make _____ Model _____ Year _____
Length (without hitch) _____ Width _____ Color _____
Serial Number _____ Title Number _____ Date Entered County _____
Siding Wood Metal Masonite Other _____
Roof Material _____ Roof Type Flat Gable Other _____
Foundation Type: Concrete Block Wood Block or Piers Concrete Slab Resting on its Wheels
 Other _____

List the following:

Number of Baths _____ Number of Wood Stoves _____
Number of Bedrooms _____ Central Air Conditioning _____ Type of Heat _____

Note: This question is to help determine if the financing method affected the sale price and to confirm the sale price reported on the Realty Transfer Certificate.

- > Financing
Amount \$ _____ Interest Rate _____ Term _____
 - > Points Paid by Seller _____ Other (Describe) _____
Source of Financing: Assumable Loan Conventional Loan Contract VA & FHA Loan
 Other (specify) _____
 - > Was a trade of property involved in this sale? Yes No
If yes, please explain: _____ Estimated Value \$ _____
 - > Describe any personal property items included in the total sales price and give an estimate of their value (e.g. appliances, stoves, refrigerators, satellite dishes, hot tubs, fixtures, etc.).
 - > Description _____ Estimated Value \$ _____
 - > If any unpaid taxes or assessment were assumed by the buyer, please identify them. Indicate the amounts involved and indicate whether they are included in the total sale price or are excluded.
Description _____ Estimated Value \$ _____
Included _____ Excluded _____
 - > Was this sale between relatives? Yes No
Was this sale between business partners? Yes No
Was this sale between related businesses? Yes No
- Was manufactured home advertised for sale? Yes No
 - Was the seller forced to sell this property? Yes No If yes, please explain: _____
 - Was the buyer forced to buy this property? Yes No If yes, please explain: _____
 - Have any changes (e.g. additions, remodeling, new structure, damage) been made to the property since the sale date?
 Yes No If yes, please indicate the changes: _____
 - Does the owner of the home own the land that the home sits on? Yes No
 - Was the home purchased already setup on a lot, off a dealer's lot, or other? _____

This questionnaire was completed by: _____
(Please Print)

Daytime Phone #: _____

Signature: _____ Date: _____

For Office Use Only

Name of Person Contacted: _____ Date: _____

Person Contacted by What Means: On-site Visit Phone Mail

Signature of Verifier: _____ Date: _____

Determination of Sale: Valid Invalid Give Reason: _____

APPENDIX E – COMMERCIAL SALES VERIFICATION FORM



MONTANA
AB-60C Rev 07 13

BuyerName, BuyerDefaultAddress, Property ID, Neighborhood, Property ID, NeighborhoodCode, Property Address, SitusAddress

LEGAL DESCRIPTION: LegalDesc

Commercial Sales Verification Form

Please answer the questions listed below and return the form to your local Department of Revenue office using the envelope provided.

Sale Information

Total Sale Price \$ Date of Sale

Was a trade of property involved in this sale? Yes No

If yes, please explain Estimated Value \$

Describe any business equipment/inventory included in the total sales price and give an estimate of the value.

Description Estimated Value \$

Describe any licenses included in this transfer Value \$

Was any portion of the sale price attributed to good will? Yes No Amount \$

Is this sale part of a merger? Yes No

Is this sale between related businesses? Yes No

Is this sale between related businesses? Yes No

Is this sale between business partners? Yes No

Was the seller forced to sell this property? Yes No If yes, please explain

Cash Down Payment \$

Financing Amount \$ Interest Rate Term

Amount \$ Interest Rate Term

Other consideration(s)

Source of Financing: Conventional Loan Contract for Deed SBA Loan

Other source of financing (specify)

Have any changes (e.g. additions, remodeling, new structures, damage) occurred to the property since this sale?

Yes No If yes, please indicate the changes

Questions? Please call your local Department of Revenue office at OfficeTelephoneNo or visit the local office at OfficeSitusAddr1 OfficeSitusAddr2 OfficeSitusAddr3

Signature

Questionnaire completed by (Please Print)

Contact phone

Signature Date

APPENDIX F – INDUSTRIAL SALES VERIFICATION FORM



**Montana Department of Revenue
INDUSTRIAL SALES VERIFICATION**

Name & Address:

<_BuyerName_>
<_BuyerDefaultAddress_>

Property Address:

<_SitusAddress_>

Customer Id: _____
 FEIN: <_BuyerFEIN_>
 SSN: <_BuyerSSN_>
 County of <_OfficeName_>
 Geo-code: <_PropertyID_>
 Assessment Code: <_AssessmentCode_>
 Home Phone # (____) _____
 Work Phone # (____) _____
 Fax # (____) _____
 E-mail: _____

MONTANA
Form AB601

**Department of Revenue
PO Box 7149**

Legal Description: <_LegalDesc_>

Our records indicate that you were involved in the sale of the property listed above.

Description of the Sale

1. Total Sale Price: \$ _____ Date of Sale: _____ Cash Down Payment: \$ _____

NOTE: This question is to help determine if the financing method affected the sale price and to confirm the sale price reported on the Realty Transfer Certificate:

A. Financing: Amount \$ _____ Interest Rate: _____ Term: _____
 Amount \$ _____ Interest Rate: _____ Term: _____

B. Other Consideration (s):
 If any unpaid taxes or assessments were assumed by the buyer, please identify them. Indicate the amounts involved and indicate whether they are included in the total sale price or are excluded. Please enclose a complete copy of the Sales/Purchase Agreement.

Description: _____ Amount: \$ _____

Included: _____ Excluded: _____

2. Source of Financing: Conventional Loan Contract for Deed SBA Loan

Other (specify): _____

3. Was a trade of property involved in this sale: Yes No
 If Yes, Description: _____ Estimated Value: \$ _____

4. Describe any business equipment/inventory included in the total sales price and give an estimate of its value.
 Description: _____
 Estimated Value: \$ _____

5. Describe any licenses included in this transfer: _____ Value: \$ _____

6. Was any portion of the sales price attributed to good will? Yes No Amount \$ _____

7. Is this sale part of a merger? Yes No

8. Is this sale between related businesses? Yes No

9. Is this sale between business partners? Yes No

10. Was the seller compelled to sell this property? Yes No If yes, please explain: _____

11. Have any changes (e.g. additions, remodeling, new structures, damage) been made to the property since the sale? If yes, please indicate the changes: _____

This questionnaire was completed by: _____

(Please Print)

Daytime Phone No: _____ Date: _____

Signature: _____

APPENDIX G - MONTANA CODE ANNOTATED (MCA) REFERENCES

[15-1-201, MCA](#) – Administration of revenue laws

[15-6-101, MCA](#) – Property subject to taxation

[15-6-134, MCA](#) – Class four property – description – taxable percentage

[15-7-101, MCA](#) – Classification and appraisal – duties of Department of Revenue

[15-7-102, MCA](#) – Notice of classification, market value and taxable values – appeals

[15-7-103, MCA](#) – Classification and appraisal – general and uniform methods

[15-7-111, MCA](#) – Periodic reappraisal of certain taxable property

[15-7-112, MCA](#) – Equalization of valuations

[15-7-139, MCA](#) – Requirements for entry on property by property valuation staff employed by department – authority to estimate value of property not entered.

[15-8-111, MCA](#) – Appraisal – Market value standard – exceptions

[15-8-201, MCA](#) – General assessment day

[15-8-306, MCA](#) – Property concealed or misrepresented

[15-10-202, MCA](#) – Certification of taxable values

APPENDIX H - ADMINISTRATIVE RULES OF MONTANA (ARM) REFERENCES

[ARM 42.18.121](#) – Adoption of reappraisal plan

[ARM 42.18.127](#) – Property tax fee appraisal requirements when taxpayer denies the department access to property to conduct an appraisal and/or audit

[ARM 42.20.105](#) – Condominiums and Townhomes

[ARM 42.20.107](#) – Valuation Methods for Commercial Properties

[ARM 42.20.108](#) – Income Approach

[ARM 42.20.171](#) – Land Classification Determination Date

[ARM 42.20.432](#) – Validating Sales Information

[ARM 42.20.504](#) – New Construction Determination

[ARM 42.22.1301](#) – Definitions

[ARM 42.22.1304](#) – Valuation of Industrial Improvements

[ARM 42.22.1305](#) – Industrial Property Other Than Land

[ARM 42.22.1306](#) – Valuation of Industrial Property Other Than Land

[ARM 42.22.1309](#) – Valuation Methods for Industrial Properties

[ARM 42.22.1313](#) – Assessment of Grain, Seed and Fertilizer Storage Facilities

[ARM 42.22.1316](#) – Industrial Property Certification Requirements