

GLOSSARY OF ASSESSMENT TERMS

A:

- Abstract of Assessment:** Annual report showing the total assessed valuation for Weld County by the property classification in an abbreviated manner as of a specific date. This data is used by the State Division of Property Taxation to calculate the impact upon the statewide residential assessment rate.
- Acre:** A land measure equal to 43,560 square feet.
- Actual Value:** That value determined by appropriate consideration of the cost approach, the market approach, and the income approach to appraisal.
- Ad valorem tax:** A property tax based on the assessed value of the property, which is not necessarily equivalent to its market value
- Agricultural Property** Land that is used as a farm or ranch pursuant to §§ 39-1-102(3.5) and (13.5), C.R.S. The use must have been the same for at least the two prior years.
- Amenity:** A tangible or intangible benefit of real property that enhances its attractiveness or increases the satisfaction of the user, but is not essential to its use. Natural amenities may include a pleasant location near water or a scenic view of the surrounding area; man-made amenities include swimming pools, tennis courts, community buildings, and other recreational facilities.
- Appraisal:** 1. An analysis, opinion, or conclusion relating to the nature, quality, value, or utility of specified interests in, or aspects of, identified real estate. 2. The act or process of estimating value: an estimate of value.
- Appraisal Date:** When defining the market, the date of the value estimate must be established. This date is known as the appraisal date. The appraisal date is always June 30 of the year preceding the year of revaluation.
- Approaches to Value:** Systematic procedures used to derive value indications in real property appraisal. (See also: cost approach, income capitalization approach, sales comparison approach.)
- Arm's-length Transaction:** A transaction between unrelated parties under no duress.
- Assess:** 1. To estimate property value as a basis for taxation; 2. To fix or determine, e.g., by a court or commission, the compensation due a property owner for the taking of real property.
- Assessed Value:** The value of a property according to the tax rolls in ad valorem taxation. May be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.
- Assessment:** The official valuation of property for ad valorem taxation.
- Assessment Period:** The period during which all property in the assessment district must be reassessed; also called "assessment cycle" or "assessment frequency."

Assessment Rate: Property taxes are not calculated on the "full actual value" as determined by the assessor. Instead, an assessment rate is applied according to the classification of the property, §§ 39-1-104(1) and (1.5), C.R.S. The residential assessment rate is set by the Legislature and coincides with changes in the level of value. This is constitutionally required and designed to stabilize the tax burden on residential property. Currently, residential property is assessed at 7.96% of actual value while most other property is assessed at 29%. The exceptions are producing mines and producing oil and gas leaseholds, articles 6 and 7 of title 39, C.R.S.

Assessment roll: A public record that shows how the property tax levy is allocated among the property owners in a jurisdiction with taxing powers; usually identifies each taxable parcel in the jurisdiction, the name of the owner of record, the address of the parcel or the owner, the assessed value of the land the assessed value of the improvement(s), applicable exemption codes if any, and the total assessed value.

Assessment/Sales Ratio: The number derived by dividing the assessed value by the selling price; used as a measure of the relationship between a property assessment and market value.

Assessor: The head of an assessment jurisdiction. Assessors are elected in Colorado except in Denver and Broomfield. The term is sometimes used collectively to refer to all administrators of the assessment function. One who discovers, lists, and values real property for ad valorem taxation.

Assumptions and Limiting Conditions: For appraisal and analysis purposes, a list of assumptions and limitations on which an appraisal or analysis is based.

B:

Bargain and Sale Deed: A deed that conveys real property from a seller to a buyer but does not guarantee clear title; used by court officials and fiduciaries to convey property they hold by force of law, but to which they do not hold title. (See also: deed, quitclaim deed, warranty deed.)

C:

Certificate of Title: A document, usually given to a home buyer with the deed, which states that the title to the property is believed to be clear; usually prepared by an attorney or another qualified person who has examined the abstract of title for the property.

Class Construction: The classification of buildings according to the fire-resistance of the materials from which they are constructed, e.g., structural steel framing (Class A), reinforced concrete framing (Class B), masonry walls (Class C), wood or light steel framing (Class D).

Comparables: A shortened term for similar property sales, rentals, or operating expenses used for comparison in the valuation process; also called "comps."

Condominium: 1. A form of fee ownership of separate units or portions of multi-unit buildings that provides for formal filing and recording of a divided interest in real property; 2. A multi-unit structure or property in which persons hold fee simple title to individual units and an undivided interest in common area.

Cost Approach: A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of, or replacement for the existing structure; deducting accrued depreciation from the reproduction or replacement cost; and adding the estimated land value plus an entrepreneurial profit. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

County:	The largest division of local government in all states except Louisiana and Alaska, where the comparable units are parish and borough, respectively.
County Board of Equalization (CBOE):	A nonjudicial board that reviews assessments to see that all districts are assessed at a uniform level of value; authorized to raise or lower the assessments to achieve a uniform basis of taxation.
D:	
Deed:	A written, legal instrument that conveys an estate or interest in real property when it is executed and delivered. (See also Bargain & Sale Deed, Quitclaim Deed, Warranty Deed.)
Depreciation:	In appraising, a loss in property value from any cause; the difference between the reproduction or replacement cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. In regard to improvements, depreciation encompasses both deterioration and obsolescence.
Deterioration:	Impairment of condition; a cause of depreciation that reflects the loss in value due to wear and tear, disintegration, use in service, and the action of the elements.
Disabled Vereran's Exemption:	In November 2006, Colorado voters passed Referendum E - Property Tax Exemption for Disabled Veterans. This amendment to the Colorado Constitution extends the existing property tax exemption for qualifying seniors to any U.S. military veteran who is 100% permanently disabled due to a service-connected disability. The exemption is effective for 2007 taxes payable in 2008. However, enabling legislation must be passed by the Legislature in the 2007 legislative session to define the application process for qualifying disabled veterans.
E:	
Easement:	An interest in real property that conveys use, but not ownership, of a portion of an owner's property. Access or right-of-way easements may be acquired by private parties or public utilities. Governments dedicate conservation, open space, and preservation easements.
Education Exemption:	Property, real and personal, which is owned and used solely and exclusively for schools which are not held or conducted for private or corporate profit is exempt. A school is defined in § 39-1-102(15.5)(a), C.R.S. Owners of property which may qualify for this exemption as owned and used for religious purposes, a private school, or strictly charitable purposes must file an application with the Property Tax Administrator.
Egress:	A way out; an exit or outlet.
Equalization:	The process by which an appropriate governmental body attempts to ensure that all property under its jurisdiction is assessed equitably at market value or at ratio or ratios as required by law.
F:	
Final Value Estimate:	The range of values or single dollar figure derived from the reconciliation of value indications and stated in the appraisal report.
Flood plain:	The flat surfaces along the courses of rivers, streams, and other bodies of water that are subject to overflow and flooding.
Forced Sale:	1. Offering and transferring property for a valuable consideration under conditions of compulsion; 2. A sale at public auction made under a court order.

Foreclosure: The legal process in which a mortgagee forces the sale of a property to recover all or part of a loan on which the mortgagor has defaulted.

G:

Grantee: A person to whom property is transferred by deed or to whom property rights are granted by a trust instrument or other document.

Grantor: A person who transfers property by deed or grants property rights through a trust instrument or other document.

H:

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

I:

IAAO: International Association of Assessing Officers.

Improved Land: Land that has been developed for some use by the construction of improvements; also land that has been prepared for development by grading, draining, installing utilities, etc., as distinguished from raw land.

Improvements: Buildings or other relatively permanent structures or developments located on or attached to land.

Income Approach: A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at the market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

Industrial Property: Land and /or improvements that can be adapted for industrial use; a combination of land, improvements, and machinery integrated into a functioning unit to assemble, process, and manufacture products from raw materials or fabricated parts; factories that render service, e.g., laundries, dry cleaners, storage warehouses, or those that produce natural resources, e.g., oil wells.

Ingress: A means of entering; an entrance.

Instrument: In real estate, a formal, legal document, e.g., a contract, a deed, a lease, a will.

Intangible Property: 1. Nonphysical items of Personal Property, e.g., franchises, trademarks, patents, copyrights, goodwill; 2. Deferred items such as a development or organization expense.

Intestate: The condition of dying without leaving a valid will.

J:

Joint Tenancy:	Joint ownership by two or more persons with the right of survivorship.
L:	
Land or Site Analysis:	A careful study of factual data relating to the neighborhood characteristics that create, enhance, or detract from the utility and marketability of the land or site as compared with competing, comparable land or sites.
Land-To-Building Ratio:	The proportion of land area to gross building area; typical land-to-building ratios for properties combine land and building components into a functional economic unit.
Land Use Analysis:	A systematic study of an area or region that documents existing conditions and patterns of use, identifies problem areas, and discusses future options and choices. As part of the general planning process, such an analysis might cover topics such as traffic flow, residential and commercial zoning, sewer services, water supply, solid-waste management, air and water pollution, or conservation areas. In short, any factors that could affect how particular areas of land should, or should not, be used.
Legal Description:	A description of land that identifies the real estate according to a system established or approved by law; an exact description that enables the real estate to be located and identified.
Legal Owner:	The owner of title, as distinguished from the holders of other interests, e.g., beneficial or possessory interests.
Level of Value:	The value as established for a statutorily prescribed appraisal date.
Lot:	1. A distinct piece of land; a piece of land that forms a part of a district, community, city block, etc.; 2. A smaller portion into which a city block or subdivision is divided; described by reference to a recorded plat or by definite boundaries; a piece of land in one ownership, whether platted or unplatted.
M:	
Market Value:	The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms for which the specified property right should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.
Mass Appraisal:	the process of valuing a universe of properties as of a given date utilizing standard methodology, employing common data, and allowing for statistical testing.
Metes and Bounds System:	A system for the legal description of land that refers to the parcel's boundaries, which are formed by the point of beginning (POB) and all intermediate points (bounds) and the courses or angular direction of each point (metes).
Mill:	One-tenth of one cent; often used to express real estate taxes.
Mill Levy:	A tax rate expressed in tenths of a cent; e.g., a tax rate of one mill per thousand means \$1 of taxes per \$1000 of assessed value.
Multiple Regression:	Multiple Regression Analysis (MRA) is a statistical method to predict the market value of all properties as of the appraisal date, based on actual sales in comparable areas (neighborhoods). MRA models create adjustments based on the contributory value of characteristics such as quality, age, architectural style, and square footage.

Multiple Use:	1. A combination of compatible land uses in an area; 2. A combination of compatible uses in a single building.
N:	
Neighborhood:	A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.
Notice of Determination:	Inquiries considered to be formal protests must be answered with a notice of determination. The assessor must notify each protester of the decision by mailing a copy of the notice of determination on or before the last, regular working day in June for real property or by July 10 for personal property.
Notice of Valuation:	The Assessor must notify the property owner of any change in value. The "NOV" is mailed no later than the 1st of May for real property and June 15th for personal property each year. This provides the property owner with the opportunity to appeal the value.
O:	
Obsolescence:	One cause of depreciation; and impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or other external factors that make a property less desirable and valuable for a continued use; may be either functional or external.
Oil and Gas Valuation:	Valuation of oil and gas leaseholds and lands including all drilled wells producing any kind of petroleum or natural gas product, such as oil, gas, or helium and carbon dioxide. Sulfur that is collected and sold as a by-product of the processing operation is also included. The classification also includes all leasehold wells on lands owned by federal, state, or lesser governmental entities as well as oil shale projects wherein the kerogen (shale oil) is extracted through the "in situ" process. The value is determined based on statutory requirements
Owner of Record:	The owner of title to a property as indicated by public records.
P:	
Parcel:	A piece of land of any size in one ownership.
Parcel Number:	A code number that serves as an abbreviation of, or replacement for, a parcel's legal description; used to facilitate the storage and use of land data in an information system; may be based on geocodes, government surveys, or tax maps.
Partial Interest:	Divided or undivided rights in real estate that represent less than the whole.
Personal Property:	Identifiable portable and tangible objects that are considered by the general public to be "personal", e.g., furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all property that is not classified as real estate. Personal property includes movable items that are not permanently affixed to, and part of, the real estate.

Personal Property Declaration Schedule

The Personal Property Declaration Schedules are distributed to taxpayers in January and must be completed and returned by April 15. Taxpayers may file a written request for an extension of 10 days or 20 days. Personal property owners failing to return a Personal Property Declaration Schedule or file an extension by April 15 are subject to a best information available assessment. Taxpayers who failed to timely file a Personal Property Declaration Schedule are subject to a late filing penalty. The penalty amount is \$50 or 15% of the tax due on the assessed value of the personal property, whichever is less. The penalty amount for oil and gas leaseholds is \$100 for each calendar day the statement is delinquent, not to exceed \$3,000 in any calendar year.

Plat:

1. A plan, map, or chart of a city, town, section, or subdivision indicating the location and boundaries of individual properties; 2. A map or sketch of an individual property that shows property lines and may include features such as soils, building locations, vegetation, and topography.

Plat Book:

A record showing the location, size, and owner of each plot of land in a stated area.

Point of Beginning(POB):

A survey reference point that is tied into adjoining surveys. In a metes and bounds description, courses that connect monuments or points are generally described from this point.

Power of Attorney:

A legal instrument in which a person authorizes another to act as his or her attorney or agent.

Protest and Appeals:

If a property owner disagrees with the actual value placed on his property, he may present oral or written objections to the assessor. Appeals for real property must be postmarked or delivered to the assessor on or before June 1. Personal property appeals must be postmarked by June 30 or submitted in person to the assessor by July 5. The assessor must make a decision on your appeal and mail a Notice of Determination to you by the last regular working day in June for real property and by July 10 for personal property. If the owner is dissatisfied with the assessor's decision, it can be appealed to the county board of equalization (county commissioners) by July 15 for real property and by July 20 for personal property. The county board of equalization conducts hearings through August 5. The board must notify you in writing within five business days after its decision is made.

Q:

Quitclaim Deed:

A form of conveyance in which any interest the grantor possesses in the property described in the deed is conveyed to the grantee without warranty of title.

R:

Real Estate:

Physical land and appurtenances attached to the land, e.g., structures. An identified parcel or tract of land, including improvements, if any.

Real Property:

All interests, benefits, and rights inherent in the ownership of physical real estate; the bundle of rights with which the ownership of the real estate is endowed. In some states, real property is defined by statute and is synonymous with "real estate".

Real Property Transfer Declaration (TD1000):	The Real Property Transfer Declaration provides essential information to the County Assessor to help ensure fair and uniform assessments for all property for property tax purposes. All conveyance documents (deeds) subject to the documentary fee submitted to the county clerk and recorder for recordation must be accompanied by a Real Property Transfer Declaration. This declaration must be completed and signed by the grantor (seller) or grantee (buyer). If the completed Real Property Transfer Declaration is not returned to the county assessor within the 30 days of notice, the assessor may impose a penalty of \$25.00 or .025% (.00025) of the sale price, whichever is greater. This penalty may be imposed for any subsequent year that the buyer fails to submit the declaration until the property is sold.
Reappraisal:	Review and adjustment of property value to a different level of value.
Reassessment:	The process in which all property within a taxing jurisdiction is revalued to assign new assessed values.
Reconciliation:	1. The last phase of any valuation assignment in which two or more value indications derived from market data are resolved into a final value estimate, which may be either a final range of value or a single point estimate; 2. In the Sales Comparison approach, reconciliation may involve two levels of analysis: derivation of a value indication from the adjusted prices of two or more comparable sales expressed in the same unit of comparison, and derivation of a value indication from the adjusted prices of two or more comparables expressed in different units of comparison.
Recorded Map:	A map of a parcel of land that has been filed in the office of the County Clerk and Recorder; e.g. "As per map recorded in book 56 at page 20"
Recording:	The filing of a copy of a legal instrument or document, e.g., a deed, in a government office provided for this purpose; creates a public record of the document for the protection of all concerned and gives constructive notice to the public at large.
Rectangular Survey System:	A system for the legal description of land that refers to the parcel's location in a township, an area approximately six miles square that is formed by the intersection of principal meridians and base lines. Each township contains 36, one-square-mile sections of 640 acres.
Religious Exemption	Property, real and personal, which is owned and used solely and exclusively for religious purposes and not for private gain or corporate profit, is exempt. Owners of property which may qualify for this exemption as owned and used for religious purposes, a private school, or strictly charitable purposes must file an application with the Property Tax Administrator.
Residential Real Property	Residential real property includes residential land and residential improvements but does not include hotels and motels. "Residential Improvements" means a building, or that portion of a building, designed for use predominantly as a place of residency by a person, a family, or families. The term includes buildings, structures, fixtures, fences, amenities, and water rights which are an integral part of the residential use. The term also includes mobile homes as defined in section 38-29-102 (8) and manufactured homes as defined in section 42-1-102 (106)(b), C.R.S.
S:	
Sales Comparison Approach:	A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when comparable sales data are available.

Sales-Ratio Analysis:	A study of the relationship between actual values and sale prices and the deviations that result from differences between the two; used to determine the efficiency and fairness of the assessment process in a particular jurisdiction.
Section:	In the government survey system of land description, one of the 36 sections, each one mile square, into which each township is divided.
Senior Homestead Exemption:	The homestead exemption for qualifying senior citizens is available to qualifying seniors and the surviving spouses of seniors who previously qualified. The three basic requirements are; 1) the qualifying senior must be at least 65 years old on January 1 of the year in which he or she qualifies; 2) the qualifying senior must be the owner of record, and must have been the owner of record for at least ten consecutive years prior to January 1; and 3) the qualifying senior must occupy the property as his or her primary residence, and must have done so for at least ten consecutive years prior to January 1.
Situs:	In real estate, the physical location of a property; in personal property, the taxable location because personal property may be moved from one place to another.
Special Assessment:	An assessment against real estate levied by a public authority to pay for public improvements, e.g., sidewalks, street improvements, sewers; an amount levied against individual owners in a condominium or cooperative to cover their proportionate shares of a common expense.
Special Districts:	Special service governments created to provide a particular service, e.g., economic development districts, water resource management districts.
Square Foot Cost:	The cost of one square foot of an improvement; obtained by dividing the actual, or estimated, cost of a building by its gross floor area or by dividing the actual, or estimated, cost of a land improvement by its square foot area; can be multiplied by the number of square feet in a building or land improvement to produce the actual or estimated cost.
Strictly Charitable Exemption:	Property, real and personal, that is owned and used solely and exclusively for strictly charitable purposes and not for private gain or corporate profit is exempt, contingent upon its qualifying based on Colorado Revised Statutes. Owners of property which may qualify for exemption as owned and used for religious purposes, a private school, or strictly charitable purposes must file an application with the Property Tax Administrator.
T:	
Tax District:	A political subdivision of one or more assessment districts where a governmental unit has the authority to levy taxes.
Tax Exemption:	Total exemption or freedom from tax; granted to educational, charitable, religious, and other nonprofit organizations. Partial exemptions from ad valorem tax are granted to homesteads in some states.
Tax Levy:	In property taxation, the total revenue that will be realized by a tax.
Tax Lien:	A lien that is automatically attached to property in the amount of its unpaid property taxes.
Taxpayer:	One who pays or is liable for a tax.
Tax Rate:	The ratio between that tax and the tax base; applied to the assessed value to determine the amount of tax; obtained by dividing the amount of the tax levy by the total assessed value of all properties in the tax district; usually expressed in dollars per \$100 or \$1,000 (mills) of assessed value.

Tax Warrant:	Annual report showing the taxable assessed valuation for Weld County by taxpayer and the amount of taxes due. This report includes the legal description and assessed value attributable to land, improvements, or personal property on each property record.
Tax Roll:	The official list of all taxpayers subject to property tax, the amounts of their assessments, and the taxes due.
Taxable Property:	All property classified as Real or Personal Property which is not exempt by law.
Taxing Entity:	Political subdivision of the state with the power to levy tax on property that lies within its geographical boundaries.
Tenancy in Common:	An estate held by two or more persons, each of whom has an undivided interest.
Time Trending:	Colorado Statute requires that sales prices be adjusted for time to an appraisal date of the last date of the study period. Time adjusted sales prices reflect market conditions on that date.
Title:	The combination of all elements that constitute proof of ownership.
Township:	In the government survey system of land description, the area between two township lines and two range lines; normally contains 36 sections of approximately 640 acres each.
Township Lines:	In the governments survey system of land description, survey lines that run east and west at six-mile intervals north and south of a baseline and form the north and south boundaries of townships.

U:

Undivided Interest:	Fractional ownership without physical division into shares.
Uniform Standards of Professional Appraisal Practice (USPAP)	Current standards of the appraisal profession, developed for appraisers and the users of appraisal services by the Appraisal Standards Board of the Appraisal Foundation. The Uniform Standards set forth the procedures to be followed in developing an appraisal, analysis, or opinion and the manner in which an appraisal, analysis, or opinion is communicated. They are endorsed by the Appraisal Institute and by other professional appraisal organizations.
Unimproved Land:	Vacant land or land that lacks the essential, appurtenant improvements required to make it useful.

V:

Vacant Land:	Vacant land is land which has no buildings or fixtures, other than minor structures, on it. Land or site improvements such as sewer, water, electricity, curb and gutter, and street paving may exist on vacant land. The land may be platted or unplatted. Vacant land includes all vacant lots, parcels, sites, or tracts whether platted or unplatted.
Valuation:	The process of estimating the market value, insurable value, investment value, or some other properly defined value of an identified interest or interests in a specific parcel or parcels of real estate as of a given date. Valuation is a term used interchangeably with appraisal.

Value:	1. The monetary worth of a property, good, or service to buyers and sellers at a given time; 2. The present worth of the future benefits that accrue to real property ownership.
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W:

Warranty Deed: A deed that conveys to the grantee title to the property free and clear of all encumbrances, except those specifically set forth in the document.

Weighted Average: An average in which each component is adjusted by a factor that reflects its relative importance to the whole; obtained by multiplying each component by its assigned weight, adding the products, and dividing the sum of the products by the sum of the weights.

Z:

Zoning: The public regulation of the character and extent of real estate use through police power; accomplished by establishing districts or areas with uniform restrictions relating to improvements; structural height, area, and bulk; density of population; and other aspects of the use and development of private property.