

Issue Paper Number 04-002



BOARD OF EQUALIZATION
KEY AGENCY ISSUE

- Board Meeting
- Business Taxes Committee
- Customer Services and Administrative Efficiency Committee
- Legislative Committee
- Property Tax Committee
- Other

SPECIAL TOPIC SURVEY

CHANGE IN OWNERSHIP AND NEW CONSTRUCTION

I. Issue

Should the Board authorize the publication of a Special Topic Survey on the current assessment practices on change in ownership and new construction and direct staff to work with interested parties to formulate possible solutions to problematic procedures?

II. Staff Recommendation

Staff recommends that the attached *Special Topic Survey—Change in Ownership and New Construction* be adopted and authorized for publication, and that staff be directed to work with interested parties to formulate possible solutions to procedures identified in the survey as problematic.

III. Other Alternative(s) Considered

None

IV. Background

BOARD'S AUTHORITY. Under Government Code section 15606 et seq., the Board is charged with the duty of administratively enforcing and interpreting the statutes governing the local property tax assessment function. Pursuant to that authority, the Board makes periodic statewide surveys limited in scope to specific topics, issues, or problems affecting local property taxation. These Special Topic Surveys are conducted whenever the Board determines that a need for one exists. The findings of these selective surveys are published and distributed to the Legislature, the Members of the Board, and all county assessors.

On May 28, 2003, the Board authorized staff of the Property and Special Taxes Department to conduct a Special Topic Survey to gather information about statewide assessment practices in the areas of change in ownership and new construction. The objectives of the survey were to:

- Summarize the practices and procedures used by counties to identify transfers that result in a change in ownership or are excluded, to track transfers between legal entities, to track joint tenancy transfers, and to document taxpayer and legal entity reporting requirements.
- Gather information relating to counties' procedures for discovering new construction, assessing construction in progress on the lien date, identifying property excluded from new construction reassessment, and determining what constitutes new construction under the law.

METHODOLOGY. Staff developed and mailed a questionnaire to all 58 county assessors. Forty-two assessors returned the questionnaire. The responses to the questionnaire provided the basic data for the Special Topic Survey. The resulting draft report addresses areas of inconsistency and identifies areas where changes to current practices and policies may be necessary.

Although only 42 assessors returned the questionnaire, Board staff elicited responses on the portion of the questionnaire concerning county ordinances from all 58 counties.

V. Staff Recommendation

A. Description of the Staff Recommendation

Staff recommends that the attached *Special Topic Survey—Change in Ownership and New Construction* be authorized for publication. In addition, staff further recommends that possible solutions to the procedures identified in the survey as problematic be referred to the interested parties process, and that the results of the interested parties process be provided to the Board.

B. Pros of the Staff Recommendation

Publication of the *Special Topic Survey—Change in Ownership and New Construction* will provide an up-to-date source of information on the local practices and procedures used by county assessors regarding change in ownership and new construction.

C. Cons of the Staff Recommendation

None

D. Statutory or Regulatory Change

None.

E. Administrative Impact

None

F. Fiscal Impact

1. Cost Impact

The cost for printing and distributing copies of the special topic survey is approximately \$1,100.

2. Revenue Impact

None

G. Taxpayer/Customer Impact

None

H. Critical Time Frames

None

VI. Alternative 1

A. Description of the Alternative

Not applicable

Prepared by: Property and Special Taxes Department, Assessment Policy and Standards Division;
Legal Department, Property Taxes Section

Current as of: March 25, 2004

SPECIAL TOPIC SURVEY

CHANGE IN OWNERSHIP AND NEW CONSTRUCTION

APRIL 2004

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PREFACE

The State Board of Equalization is required by law to periodically audit the assessment programs in the 58 California counties. The results and recommendations arising from these field and office audits are published in assessment practices survey reports. In addition, the Board makes periodic statewide surveys limited in scope to specific topics, issues, or problems affecting local property taxation. These special topic surveys, authorized by sections 15640 and 15643 of the Government Code, are conducted as needed by the property tax divisions of the Board's Property and Special Taxes Department. The resulting survey reports are distributed to the Legislature, all county assessors, the Members of the Board, and Board staff who are involved with the affected programs. Copies of the survey reports are also available to the public.

The subjects of this special topic survey are change in ownership and new construction of real property. This special topic survey will enable Board staff to compile and publish current information about statewide assessment practices in the areas of change in ownership and new construction. This special topic survey was authorized by the Members of the Board of Equalization on May 28, 2003.

In 1982, the Board conducted a special topic survey on the assessment of newly constructed property and property under construction. In 1984, the Board conducted a special topic survey on the assessment of property that has had a change in ownership or control. This report reflects legislative changes and changes in county assessors' practices since those earlier surveys.

The primary source of information regarding current assessment procedures used in county assessors' offices was a questionnaire containing 45 questions. The questionnaire, which was sent to each of the 58 county assessors, is reproduced in Appendix 1. Forty-two county assessors participated in the entire survey; all 58 assessors provided information for Chapter 6.

Staff of the Assessment Policy and Standards Division of the Property and Special Taxes Department wrote this report. We wish to express our appreciation for the efforts and cooperation of the Honorable Gary Freeman, Assessor, San Joaquin County, who acted as the lead for the California Assessors' Association on this project, and to all the participating assessors.

David J. Gau, Deputy Director
Property and Special Taxes Department
California State Board of Equalization
April 2004

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CHAPTER 1: INTRODUCTION

On June 6, 1978, the voters of California approved Proposition 13, which made sweeping procedural and substantive changes to California's property tax system. Most important from a valuation perspective, Proposition 13 mostly eliminated California's existing market-value-based system and replaced it with an acquisition-value-based system. That is, prior to Proposition 13's addition of article XIII A to the California Constitution, most real property in California was reassessed at current market value at least once every four to six years. With the passage of Proposition 13, locally assessed real property is reassessed to current fair market value and a new base year value established only upon a change in ownership or the completion of new construction.

We stated above that Proposition 13 affected the assessment of *most* real property in California. Under article XIII of the California Constitution, certain types of locally-assessed property continue to be annually reassessed based on market value or another value standard without regard to whether there has been a change in ownership or new construction. Such properties include nonprofit golf courses, lands owned by local governments that are located outside their boundaries, and enforceably restricted open space lands and property of historical significance.

Proposition 13 rolled back most local real property assessments to their March 1, 1975 market values and provided that real property could only be reassessed when there is (1) a transfer resulting in a change in ownership or (2) upon the completion of new construction. The market value that was established either for 1975 or for the reassessment after a property is newly constructed or has a change in ownership after the 1975 lien date is called the "base year value." Proposition 13 further provided that such base year values would be factored forward each year for inflation. The inflation factor is the annual change in the California Consumer Price Index and is limited to an annual increase of two percent.¹

¹ Revenue and Taxation Code section 51(a).

CHAPTER 2: OVERVIEW OF LAWS GOVERNING CHANGE IN OWNERSHIP AND NEW CONSTRUCTION

Section 1 of article XIII of the California Constitution provides that all property is taxable and shall be assessed at the same percentage of fair market value, unless otherwise provided by the California Constitution or the laws of the United States.

Section 2 of article XIII A provides, in part, that:

(a) The full cash value means the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value" or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.

CHANGE IN OWNERSHIP

Revenue and Taxation Code² section 60, which commences Chapter 2 of Part 0.5 of Division 1 (Property Taxation), defines change in ownership as the "transfer of a present interest in real property, including the beneficial use thereof, the value of which is substantially equal to the value of the fee interest."

As the definition indicates, a change in ownership determination is a three-part test. In order for a transfer of real property to constitute a change in ownership the following elements must be present:

1. The transfer must convey a present interest in real property;
2. The transfer must convey the right to beneficial use of the property; and
3. The value of the interest transferred must be substantially equivalent to the value of the fee interest (absolute ownership) of the property.

The first element – the transfer of a present interest in real property – prevents transfers of contingent interests, such as transfers to revocable trusts, or future interests, such as remainders, from unintended change in ownership treatment.

The second element – the transfer of the beneficial use – protects transfers of bare legal title, such as the conveyance of bare legal title to the trustee of a trust, from unintended change in ownership treatment.

The third element – the transfer of an interest substantially equal in value to the fee interest – sets a value equivalence standard that allows reassessment in some cases where the full fee simple absolute interest is not the interest conveyed. Under this standard, assessors identify the primary owner of the property at any given time, so that only a transfer by the primary owner will be a

² All references are to the Revenue and Taxation Code unless otherwise indicated.

change in ownership that results in the whole property being reappraised. For example, the transfer of a leasehold interest with a term of 35 years or more is a change in ownership because the lessee, by virtue of the term of the lease, is considered to be the primary owner.

It should be emphasized that the term "change in ownership" has a specific legal meaning which refers to an event that results in the reappraisal of real property for property tax purposes. This reappraisal determination has no bearing on legal ownership, income tax consequences, or any other legal purpose.

INTEREST

An "interest" in real property includes any one or various groups of rights, privileges, powers and immunities that are held by a property owner or owners. A *fee simple absolute* interest comprises the rights of ownership with unconditional power of disposition during the owner's life, that descend to the owner's heirs upon the owner's death intestate. Interests less than fee simple absolute may be identified by physical limits, such as subsurface mineral rights, or by time limitations, such as a life estate. An interest may be owned *wholly* by a single individual or entity or *fractionally* by two or more individuals or entities concurrently. "Legal interests," such as a security interest or a trusteeship of a trust, are distinguishable from "beneficial interests," which include full rights to the income or possession of the property. Both legal and beneficial interests in a property may be held by a single individual or entity or may be held separately.

The transfer of the present beneficial interest in a fractional interest may result in a change in ownership in that fractional interest. However, the transfer of a legal interest unaccompanied by the beneficial interest is not a change in ownership.

NEW CONSTRUCTION

The statutory definitions in section 70 read, in part:

- (a) "Newly constructed" and "new construction" means:
 - (1) Any addition to real property, whether land or improvements (including fixtures), since the last lien date; and
 - (2) Any alteration of land or of any improvement (including fixtures) since the last lien date which constitutes a major rehabilitation thereof or which converts the property to a different use.
- (b) Any rehabilitation, renovation, or modernization which converts an improvement or fixture to the substantial equivalent of a new improvement or fixture is a major rehabilitation of such improvement or fixture.

The Board adopted Rule 463³ to clarify the statutory definitions of the terms "newly constructed" and "new construction." Section 70 and Rule 463 make repeated references to certain terms related to the meaning of "newly constructed" and "new construction." These related terms require clear definitions to properly guide the assessment of new construction.

ADDITION

"Addition" is the act or process of adding; it also refers to the unit or component of a unit that is added. The act of adding implies that there is a pre-existing structure or base to which something is added. For property tax purposes, an addition to real property—whether land or improvements—is considered new construction. Upon completion, the newly constructed addition receives a base year value. An addition does not, however, affect the base year value of the pre-existing portion of the property.

ALTERATION

"Alteration" is the act or procedure of altering; it also refers to a modification or a change. Under Rule 463(b)(2), an alteration qualifies as new construction when it either (1) rehabilitates real property to the point that it is "substantially equivalent to new" or (2) converts the real property to a different use.

CHANGE IN USE

Subdivision (a)(2) of section 70 and Rule 463(b)(2) state that physical alterations that lead to "a change in the way property is used" qualify as new construction. While the value added by the physical alteration is assessable, the value attributable solely to the change in use is not.

There are five basic use types: agricultural, residential, commercial, industrial, and recreational. Any physical alteration of land or improvements that leads to a change from one of these use types to another would qualify as new construction.

Within each general use type, there are sub-uses. Any physical alteration that leads to a change from one sub-use to another also qualifies as new construction, as indicated in the examples under Rule 463(b)(2). Thus, leveling dry farmland for use as irrigated cropland, or laying gravel on a vacant lot for use as RV storage, would both qualify as new construction. An alteration that does not lead to a change in use may nevertheless qualify as new construction. For example, a change from a peach orchard to a prune orchard would result in new construction not because of the change in use, but because one improvement is removed and another improvement, substantially equivalent to new, is added. Additionally, an alteration that does qualify as a change in use will not cause reappraisal unless there is a substantial physical alteration leading to that change. In any case, only the additional value created by the new construction that facilitates the change in use may be assessed.

³ All rule references are to Property Tax Rules codified in Title 18 of the California Code of Regulations.

MODERNIZATION

"Modernization" means taking corrective measures to bring a property into conformity with changes in style, whether interior or exterior, or making additions necessary to meet standards of current demand. It normally involves replacing parts of the structure or mechanical equipment with modern replacements of the same kind. If modernization results in a property that is substantially equivalent to new, it qualifies as new construction. Thus, for property tax purposes, modernization implies curing functional obsolescence and physical deterioration to the degree that the structure or fixture is "substantially equivalent to new" after the modernization has been completed.

PORTION THEREOF

Both section 70 and Rule 463 use the term "portion thereof" in the context of new construction. A "portion" is a component of a land parcel, an individual structure, or fixture that is easily recognized by an appraiser. A "portion" is part of an individual structure designed for independent, separate use within that structure.

For example, a farmer might level only 40 acres of a 640 acre section. In homes, a "portion" might be a bedroom or kitchen. Within a hydroelectric plant, a portion could be the penstock that channels flowing water into a generator. On a large industrial machine, it could be the attached stairway and maintenance platform.

Correct identification of the newly constructed portion, or portion "substantially equivalent to new," requires appraisal judgment. Similarly, estimating the value of that portion or alteration is also a matter of appraisal judgment.

NORMAL MAINTENANCE AND REPAIR

Rule 463(b)(4) excludes physical alterations performed for the purpose of normal maintenance and repair, including replacement, from the definition of new construction. "Maintenance" is the action of continuing, carrying on, preserving, or retaining something; it is the work of keeping something in proper condition. When performed on real property, maintenance is normal when it is regular, standard, and typical. Normal maintenance will keep a property in condition to perform efficiently the service for which it is used.

Replacements made as part of normal maintenance are excluded from the meaning of new construction. "Replacement" is the substitution of an item that is fundamentally of the same type or utility for an item that is exhausted, worn out, or inadequate. A physical alteration that is the replacement of existing property with similar new property is not new construction. For example, the replacement of a roof, a kitchen cabinet, or a toilet with similar new property is not new construction.

REHABILITATION

"Rehabilitation" means the restoration of a property to satisfactory condition without changing the plan, form, or style of a structure. It usually involves curing physical deterioration. If

rehabilitation brings about the "substantial equivalent of new" condition of a structure or fixture, it qualifies as new construction for property tax purposes.

RENOVATION

"Renovation" is "making into new condition." Like rehabilitation, renovation involves curing items of physical deterioration. When renovation restores a structure or fixture to the "substantial equivalent of new," there is new construction for property tax purposes.

SUBSTANTIALLY EQUIVALENT TO NEW

Under Rule 463(b)(3), new construction is assessable when that new construction has converted a fixture or any other improvement, or a portion thereof, to a state "substantially equivalent to new." For example, a very old house is stripped to its studs and rebuilt from the foundation up. The restoration is such that the old house has been converted into a state comparable to that of a new house. The value added by such a conversion would be assessable as new construction. Whether or not new construction activity transforms an improvement, fixture, or a portion thereof into a state that is substantially equivalent to new is a factual determination that must be made on a case-by-case basis.

CHAPTER 3: CHANGE IN OWNERSHIP ISSUES

In July 2003, the Board sent a questionnaire to county assessors to obtain information specific to their change in ownership and new construction assessment programs. The questionnaire consisted of 45 questions. Of the 58 county assessors, 42 returned the questionnaires.⁴ This chapter represents a summary of the responses to the 21 questions relating to change in ownership. Responses to questions regarding new construction are in the next chapter.

CHANGE IN OWNERSHIP

For most transfers of real property, the determination of whether a transfer results in a change in ownership is straightforward. Generally, properties are transferred by a recorded deed following a sale on the open market. A small percentage of the transfers that qualify as changes in ownership present problems for the county assessors.

Transfers of a present interest in real property are reappraisable events (i.e., changes in ownership) unless specifically excluded by law. Timely identification and processing of changes in ownership are important because of the statute of limitations for supplemental and escape assessments. Section 532 provides that a four-year statute of limitations for escape assessment applies to recorded changes in ownership and an eight-year statute of limitations applies to unrecorded changes in ownership.

RECORDED CHANGES IN OWNERSHIP

Probate Code section 7000 provides that title to property passes upon a decedent's death. For purposes of change in ownership, a recorded death certificate serves as notice to the assessor that property may have changed ownership if the property (1) was owned by the decedent and recorded in the decedent's name, and (2) was located in the county in which the certificate is recorded. One way to identify these changes in ownership is to review death certificates.

In response to a question as to whether assessors review death certificates, 25 assessors responded that they review death certificates or lists of deaths from the Recorder's office for possible changes in ownership. One assessor reviews the list of deaths published weekly by the county health department. Another assessor suggested that the obituary page of the local newspaper is another discovery tool.

Seventeen assessors indicated they do not review death certificates. Two assessors responded that it was the recorder's office policy not to let them view death certificates. However, one of these recorders prepares a list of deaths for the assessor's use.

UNRECORDED CHANGES IN OWNERSHIP

Discovering unrecorded changes in ownership presents challenges to assessors. Twelve assessors indicated that they discover unrecorded changes in ownership via the Board's Legal

⁴ All 58 counties returned the page which asked for ordinance information.

Entity Ownership Program (LEOP). Eleven assessors stated they discover unrecorded changes in ownership in newspapers and by deeds recorded for subsequent transfers. Other commonly mentioned methods of discovery include business and agricultural property statements, homeowners' exemption claims, and address change requests.

Other discovery methods cited by assessors include contacts with taxpayers (field visits and taxpayers' requests for tax bills), deeds filed by successor trustees or administrators, building permits, United States Forest Service cabin permits, relocation contracts, reports of foreign improvements, signature dates on documents, court filings (probate, inventory and appraisal documents), address change requests, attorneys, possessory interests discovery programs, homeowners associations, and federal and state reports (from Federal Aviation Administration, Federal Communications Commission, Department of Motor Vehicles, Department of Housing and Community Development, and Secretary of State offices).

LEASES

When a property owner leases real property there is a transfer of a present interest in the real property and a transfer of the right to beneficial use. The Legislature determined that the creation of a lease with a term of 35 years or longer constituted an interest substantially equal to the value of a fee interest. The statutory change in ownership provisions affecting real property subject to a lease are found in sections 61(c) and 62(g). A change in ownership of leased property occurs in the following situations:

- ◆ The creation of a leasehold interest in taxable real property for a term of 35 years or more (including renewal options)
- ◆ The termination of a leasehold interest which had an original term of 35 years or more
- ◆ Any transfer of a leasehold interest having a remaining term of 35 years or more
- ◆ Any transfer of a lessor's interest in taxable real property subject to a lease with a remaining term of less than 35 years.

Assessors identify long-term leases primarily by recordings of lease memoranda. Twelve assessors also reported using business property statements and field reviews as methods of identifying long-term leases. Other methods itemized by assessors include notification by taxpayer, LEOP notices, governmental agency possessory interest reports, review of newspapers and business journals, information from realtors, and audits.

Nineteen assessors use some type of flagging mechanism to note properties subject to a long-term lease (e.g., special computer codes, notes on appraisal records, attaching a copy of the lease to the appraisal record, and including lease beginning and ending dates in the ownership file). Another method of tracking is to create separate lease records. Two assessors reported they have no tracking process.

Eighteen assessors reported they identify terminations of long-term leases from recorded documents (e.g., memoranda, terminations of leases, assignments of leases, or quitclaim deeds). Thirteen assessors indicated that property owners or lessees notify them of terminations. Other

methods of discovering lease terminations include field visits, forms filed by taxpayers (e.g., business or agricultural property statements and rent questionnaires sent to new tenants of commercial and industrial properties), and newspaper articles.

LEGAL ENTITIES

For purposes of change in ownership, "legal entity" includes corporations, partnerships, limited partnerships, limited liability companies, single-member limited liability companies, and business trusts. Not included as legal entities are nonprofit corporations, homeowner associations, and other organizations because those properties are separately assessed to each unit owner. Section 61(j) provides that a change in ownership includes "the transfer of any interest in real property between a corporation, partnership, or other legal entity and a shareholder, partner, or any other person." Section 62(a)(2) provides an exception whereby no change in ownership occurs if the transfer results solely in a change in the method of holding title to the real property and the proportional ownership interests of the transferors and transferees in each and every piece of real property transferred remain the same after the transfer. Proportional ownership interests are determined by looking at the exact interests of the individual partners and shareholders both before and after the transfer.

We asked the county assessors how they discover transfers by legal entities. On the average, assessors reported that transfers by legal entities are discovered 46 percent by the Board's LEOP, 44 percent by deed, 5 percent by business property statement, 2 percent by audit, and 3 percent by other means. Other discovery tools mentioned include business journals, fictitious name filings, bulk transfers, and Secretary of State filings.

One assessor viewed this question two different ways—transfers *between* legal entities or transfers *within* legal entities—and indicated that the percentages differed depending on how this question was interpreted. This assessor indicated that transfers *between* legal entities are discovered 99 percent of the time by recorded documents and 1 percent by other means, e.g., newspaper articles. Transfers *within* entities are discovered 88 percent by LEOP, 10 percent by recorded documents, and 2 percent by other means.

Once a transaction is excluded from change in ownership under section 62(a)(2), the owners of the legal entity ownership interests will become "original coowners" for purposes of future transfers involving ownership interests of the legal entity. Pursuant to section 64(d), if and when the "original coowners" cumulatively transfer more than 50 percent of the total ownership interests, then there will be a change in ownership of the real property that was previously excluded by section 62(a)(2).

Twelve assessors reported they track subsequent transfers of original coowners' interest by keeping a record of owners and their percentage interests. One assessor maintains a binder that contains partners' names when property is owned by a partnership.

One assessor identifies the original coowners, but changes in interests are not tracked until a new document is recorded. At that time staff verifies the identity of the current and past owners and processes roll corrections for any previous changes in ownership.

Section 64(b) excludes from change in ownership transfers between affiliated corporations or transfers as a result of corporate reorganizations and requires that a taxpayer furnish proof of the exclusion, under penalty of perjury. Methods by which assessors accept proof of exclusion include a written statement and supporting documents, articles of incorporation of the affiliated corporation, or recorded partnership documents. Other documents include trust agreements, operating agreements, bylaws, income tax returns, organizational charts, and corporate stock ledgers. Six assessors have a special form that includes a penalty of perjury declaration, and one assessor has a corporation questionnaire. Other ways of submitting a penalty of perjury declaration include a notarized declaration of facts signed under penalty of perjury, an affidavit, or a corporate jurat.

JOINT TENANCY

Section 65(b) provides that no change in ownership occurs upon the creation or transfer of a joint tenancy interest if the transferor or transferors, after such creation or transfer, are among the joint tenants. Upon the creation of a joint tenancy interest described in this subdivision, the transferor or transferors shall be the "original transferor or transferors" for purposes of determining the property to be reappraised on subsequent transfers.

Once persons have acquired original transferor status under section 65(b), 12 assessors reported that they use special computer coding (e.g., ownership or history screens) to track subsequent transfers. Six assessors replied that they maintain an ownership history record that is kept with the building record. Upon the filing of subsequent deeds, four assessors manually research old documents (e.g., past deeds, preliminary change of ownership reports, appraisal sheets, microfiche or computer ownership history) to determine whether a reappraisable event occurred.

PARTIAL INTEREST TRANSFERS

Section 401 provides that "[e]very assessor shall assess all property subject to general property taxation at its full value." Section 51, subdivision (d) provides that in determining the taxable value of real property, "'real property' means that appraisal unit which persons in the marketplace commonly buy and sell as a unit, or that is normally valued separately." The basis for appraising an entire unit is the concept of value in exchange, wherein the taxable value is determined by the price that property would bring in the open market under conditions described in Property Tax Rule 2, subsection (a).⁵

⁵ Property Tax Rule 2(a) reads: "In addition to the meaning ascribed to them in the Revenue and Taxation Code, the words "full value," "full cash value," "cash value," "actual value," and "fair market value" mean the price at which a property, if exposed for sale in the open market with a reasonable time for the seller to find a purchaser, would transfer for cash or its equivalent under prevailing market conditions between parties who have knowledge of the uses to which the property may be put, both seeking to maximize their gains and neither being in a position to take advantage of the exigencies of the other."

Thus, the taxable value of a fractional interest as determined by a reappraisal must reflect the proportion of the value that the entire appraisal unit would bring in an open market transaction. If, for example, a 25 percent interest were offered for sale on the open market, one would expect that interest to be worth less than its proportionate share of the whole property. The eventual purchase price of that fractional interest would likely be discounted because of its reduced marketability vis-à-vis a separate and independent parcel. In view of the fact that the assessor is required to appraise property at its full value, the assessor should ignore such discounting in the market and value such a fractional interest at its pro rata share of the property's total value.⁶

In accordance with this example, most assessors indicated they appraise the whole property at market value, allocate 25 percent to new, and establish a new base year value for that 25 percent interest. The remaining interest not changing ownership retains its original base year value(s) as to the appropriate percentage. The new base year value is then added to the remaining "old" base year values to arrive at total assessed value. Two assessors mentioned they have a partial interest transfer worksheet or spreadsheet that they use to track partial interest transfers until the property undergoes a 100 percent change in ownership.

PRELIMINARY CHANGE OF OWNERSHIP REPORT

Section 480 requires a transferee of real property to file a signed change in ownership statement whenever a change in ownership of real property occurs. Section 480.3 provides that a transferee may also file a preliminary change of ownership report (PCOR) with the county recorder when a document evidencing a change in ownership is recorded.

Twenty-six assessors responded that they have a significant problem with the PCOR being incorrectly completed. The average rate of incorrectly completed forms was 31 percent. The highest rate of incorrectly completed forms was 90 percent as reported by one assessor; the lowest rate reported was 10 percent. The majority of assessors reported that 25-35 percent of forms were incorrect. Causes of incorrectly completed forms varied: 21 assessors reported that title companies are incorrectly completing the forms. Nineteen assessors identified individuals as incorrectly completing the forms. Two assessors identified escrow companies and two assessors specified attorneys as incorrectly completing the forms. Eight assessors commented that these forms are usually incomplete rather than incorrect.

INCOME AND EXPENSE ADDENDUM

Twenty-nine assessors responded that they send an addendum to the PCOR or COS requesting income and expense information. Three other assessors send a letter requesting additional information. Copies of addenda are included in Appendix 3.

CHANGE IN OWNERSHIP STATEMENT PENALTIES

Sections 480, 480.1, and 480.2 require assessors to apply a penalty if a change in ownership statement is not timely filed. Thirty-five assessors apply the penalty as required by sections 480,

⁶ See Annotation 850.0001 (C 1/23/98).

480.1, or 480.2. Eight assessors do not apply the penalty. Reasons given for not applying the penalty include (1) it is not easily tracked in the computer system; (2) it is not cost effective to take the time for the small number of statements that are not returned timely; and (3) the staff or resources are not available. One assessor stated they are in the process of resuming imposition of these penalties.

Section 483 provides that the board of supervisors may abate the penalty if the assessee (1) establishes to the satisfaction of the board of supervisors that the failure to file the change in ownership statement within the time required by section 482(a) was due to reasonable cause and not due to willful neglect, and (2) has filed the statement with the assessor, provided the assessee has filed with the board of supervisors written application for abatement of the penalty no later than 60 days after the date on which the assessee was notified of the penalty. Nineteen assessors do not generally recommend abatement of these penalties. Of the 16 assessors that do recommend abatement, one recommends abatement before the taxpayer files a statement, while 14 recommend abatement only after the taxpayer files a statement. One assessor did not provide an answer.

Twenty-one assessors reported they would not recommend abatement where the taxpayer failed to file the statement requested, even if it was subsequently determined that a reappraisable change in ownership did not occur. Fourteen assessors would recommend abatement if it was subsequently determined that a reappraisable change in ownership did not occur.

Four assessors reported that the board of supervisors abates 98 to 100 percent of penalties. Twenty-seven assessors reported that the board of supervisors abates less than 15 percent of the penalties. In four counties the board of supervisors has authorized the assessor to abate the penalties.

EXCLUSIONS FROM CHANGE IN OWNERSHIP

IDENTIFYING EXCLUSIONS

Assessors indicated that the most common ways of identifying exclusions from change in ownership are comments on deeds and the preliminary change of ownership report. Another indication of an exclusion from change in ownership may be the documentary transfer tax (or lack of). Other ways of identifying exclusions include taxpayer response to the supplemental assessment notice or tax bill, personal contact (field visit or phone call), and title searches. Twenty assessors reported they follow up comments on deeds and the PCOR by mailing a letter or change in ownership statement to obtain additional information. One assessor sends a parent-child exclusion form if the addresses or last names are the same for the grantor and grantee.

PARENT-CHILD EXCLUSION

Proposition 58, which was passed by the voters of California on November 4, 1986, added subdivision (h) to section 2 of article XIII A of the California Constitution, and provides, in part, that the terms "purchased" and "change in ownership" shall not include the purchase or transfer

between parents and their children of a principal residence, and the first \$1 million of the full cash value of all other real property. Section 63.1 provides the statutory implementation of Proposition 58. In order to monitor the \$1 million limit, section 63.1 requires the assessor to report to the Board exclusions granted for real property other than principal residences.

Of the 36 counties that provide reports, two counties also track the \$1 million limit within their own county. Six assessors reported they do not file quarterly reports. One assessor commented they do not report this exclusion due to staffing shortages. Another assessor stated they do not send in reports because there is no funding for state reimbursement. Of these six, three have a modified system in place to track the \$1 million limit of properties transferred from eligible transferors.

Because section 63.1 requires assessors to report certain exclusions, the bill that added section 63.1 to the Revenue and Taxation Code (Chapter 48, Statutes of 1987) was deemed to be a state mandate. Section 6 of article XIII B of the California Constitution requires the state to reimburse local agencies for costs mandated. Since 1992-93, budget funding for this program has been zero. Government Code section 17561 provides that if the state budget does not provide funding for a required report, that report becomes optional. Under these circumstances, this section also authorizes local governments to establish fees to recover costs for administering the exclusion.

Two counties indicated they have a filing or processing fee for the parent-child or grandparent-grandchild exclusion. A third county plans to initiate a fee in the near future.

One county has a per-parcel fee established by a board of supervisors resolution that is applied when an application is filed *after* the assessor has processed the change in ownership and enrolled the new base year value. This fee is \$100 per parcel for a single family residence with an assessed value under \$500,000; the fee is \$280 per parcel for a single family residence with assessed value of \$500,000 or more and all other property types.

Another county has a "stepped-up" processing fee. There is no fee if a properly completed claim is filed before the transfer is processed. If the assessor mails a request letter with a claim form, the fee is \$55 per parcel number per claim if a claim is filed within 60 days of the initial letter being sent. The fee is \$180 per parcel number per claim if (1) the claim is filed more than 60 days after the initial letter, (2) the property has been reassessed, or (3) a rescission of the claim is requested.

BASE YEAR VALUE TRANSFER FOR PERSONS OVER AGE 55 OR DISABLED

Propositions 60, 90, and 110 amended section 2 of article XIII A of the California Constitution to allow a person who is over the age of 55 or disabled to sell their principal place of residence and transfer its base year value to a replacement principal place of residence, usually within the same county.⁷ Section 69.5 implements the provision of these propositions. The relief is generally

⁷ Nine counties permit intercounty transfers; see Chapter 6.

available only once in a person's lifetime.⁸ In order to prevent the duplication of claims, section 69.5(b)(7) requires the assessor report quarterly to the Board all claims allowed by the assessor and all claimants who have thereby received relief. The Board uses this information to monitor the one-time-only limit.

Even though section 69.5 requires assessors to report, the Legislature provided in the bill which added section 69.5 to the Revenue and Taxation Code (Chapter 186, Statutes of 1987) that no reimbursement is required pursuant to section 6 of article XIII B of the California Constitution because the duties, obligations, or responsibilities imposed on local government by this act are necessary to implement a ballot measure approved by the voters in a statewide election. Therefore, this reporting is not optional.

Thirty-five assessors indicated they provide quarterly reports to BOE. Six assessors reported they do not report; two of these counties have a modified tracking system in place. One assessor stated they do not report due to staffing shortages. One assessor reported they have not had any claims qualify.

Two assessors reported that they charge fees for claiming relief under section 69.5. One county charges a one-time fee of \$50 for a section 69.5 intercounty base year value transfer. Another county has a \$55 fee for a rescission of a section 69.5 base year value transfer.

ASSESSOR'S PARCEL NUMBER ON RECORDED DEEDS

Government Code section 27297.6 provides that the Los Angeles County Recorder may require, as a condition of recording, that the legal description on a recorded deed include the Assessor's Parcel Number.

Thirty-six assessors indicated that parcel numbers are listed on recorded deeds in their county. Two assessors reported that sometimes parcel numbers are listed on recorded deeds. Four assessors commented that parcel numbers are often incorrect. In addition, one assessor commented that many times only one parcel number is listed when multiple parcels are involved. Another assessor suggested that when only a portion has transferred, a notation such as, "A portion of parcel..." would be helpful.

Four assessors that indicated that parcel numbers are not listed on recorded deeds. All four commented that it would be helpful.

Two assessors stated it would be very helpful if Government Code section 27297.6 applied to all county recorders statewide. One assessor mentioned that a state-wide format for common

⁸ The only exception is for persons who subsequently become disabled after qualifying for a base year value transfer based on their age.

documents (e.g., Grant Deed, Quitclaim Deed) would be helpful to provide for easier Optical Character Recognition reading of documents.

CHAPTER 4: NEW CONSTRUCTION ISSUES

This chapter represents a summary of the responses to the 24 questions relating to new construction issues contained in the questionnaire.

DISCOVERY

It is the assessor's responsibility to discover and assess all taxable new construction in the county. However, unlike change in ownership, there is no statutory requirement that property owners report new construction. Thus, the discovery of taxable new construction requires careful and constant attention to all the sources of information available. Such sources include building permits, business property statements, and business audits. In addition to such documentary evidence, assessors also use public information sources such as newspapers, trade journals, and financial statements.

Assessors were asked to rank the sources of information they use for the discovery of assessable new construction. They reported that building permits are by far the most important. The second most important is the business property statement, while the audit was the third most important. Other reported discovery tools included aerial maps and neighborhood canvassing, agricultural crop and lease questionnaires, code enforcement inquiries, the Multiple Listing Service, and reports from neighboring property owners.

Since section 532 provides a four-year statute of limitations on escape assessments, assessors were asked how often they discovered assessable new construction that had been completed more than four years prior to discovery. Twenty-five assessors responded that this very seldom occurs. Three assessors said it occurs 10-15 times a year; five assessors reported it occurs less than 10 times a year; and one assessor said it had occurred only 4 times in the last 12 years. Three assessors reported that less than 1 percent of the discovered new construction had been completed more than four years prior to discovery; two assessors indicated 5 percent.

BUILDING PERMITS

Section 72 requires cities and counties to transmit copies of building permits to county assessors. Because of the importance of the building permit as a new construction discovery tool, assessors were asked how well this statute is being followed.

Most assessors reported that they seldom have problems with cities or counties following the statute. Three assessors indicated that reporting is inconsistent and problems persist. One assessor reported that some cities still have to be reminded to report building permit data.

Six assessors indicated that small towns with minimal staff, less sophisticated reporting systems, or lack of automation have difficulties in complying. Five assessors reported that timeliness of reporting building permit data continues to be a problem. In addition, some cities fail to send "miscellaneous" permits. Another assessor commented that missing information is typical on permits or facsimiles.

Section 72, subdivision (c), requires that the assessee file a scale copy of the floor plans and exterior dimensions of the building, designated for the assessor's use, with the permit-issuing jurisdiction, which is to be transmitted to the assessor after the final plans are approved. While we did not specifically ask about subdivision (c), one assessor reported major problems in obtaining these scale copies, and said they constantly remind the various building jurisdictions. The assessor's staff typically must personally retrieve whatever plans or sketches are made available and match them to plans and permits already transmitted.

Seventeen assessors reported that they receive building permits electronically. On the positive side, assessors reported that receiving permits electronically is convenient, saves data entry, is more legible, and makes the processing easier by reducing demands upon support staff. On the negative side, one assessor commented that it makes them vulnerable to computer-related problems and delays. Another assessor commented that incompatible electronic systems have caused major problems. A third assessor reported that much pertinent data and information is often omitted.

One county engineering department allows the assessor online tracking abilities with report-generating capability. The assessor reported that this system has worked well.

NEW CONSTRUCTION QUESTIONNAIRE

When permits come in, some assessors send questionnaires to the taxpayers as a means of gathering data for the permitted construction. To our query regarding self-reporting programs, twenty-seven assessors responded that they have initiated self-reporting programs for new construction. One assessor mails out questionnaires on all residential new construction additions and major alterations, including swimming pools, outbuildings, additions and remodels. For new homes, this assessor mails out a more detailed cost questionnaire. A second assessor sends self-reporting forms to property owners based on the value reported on a permit (the value must be less than \$50,000 to be subject to self-reporting). A third assessor reported that its "Property Owner's Statement on New Construction" requests property owners to report the costs, detail, and a sketch of new construction for permits below \$80,000 in value. This work is usually limited to residential pools, patios, remodels, and room additions. Samples of some of the self-reporting new construction forms submitted are included in Appendix 4.

ASSESSABLE NEW CONSTRUCTION

The determination as to whether construction activity is assessable new construction is made on a case-by-case basis. Assessors review permits to eliminate obvious non-assessable events such as repair and maintenance. Assessors review permits and new construction questionnaires and conduct field inspections to determine whether new construction adds value.

SUBSTANTIAL EQUIVALENT OF NEW

Section 70(a)(2) provides in part that "new construction" includes "[a]ny alteration of land or of any improvement (including fixtures) since the last lien date that constitutes a major

rehabilitation thereof...." Section 70(b), in turn, provides that "[a]ny rehabilitation, renovation, or modernization that converts an improvement or fixture to the substantial equivalent of a new improvement or fixture is a major rehabilitation of that improvement or fixture."

In addition to the guidelines provided in the statute, rules, and Assessors' Handbook Sections 501 and 502, many assessors indicated, as shown in the table below, that they consider new construction to be the "substantial equivalent of new" if it meets a certain threshold percentage, that is, either a certain percentage of the structure was physically altered or the value or cost of construction is a certain percentage of the value of a comparable new structure.⁹

Percentage Threshold	# counties
90% of that of a new structure and at least 20% greater in value	1
85% of that of a new structure	1
80% of the value of new improvements	12
75% of the cost of new construction	2
50% is removed and replaced	1

Twelve assessors reported they rely on field inspection and appraiser judgment and use no particular guidelines as to what is substantially equivalent to new. Five assessors indicated that an improvement is substantially equivalent to new if it is torn down to the studs and rebuilt. Another commented that, on commercial properties, they also consider an alteration new construction if the alteration results in a change in use or increases the income potential. One assessor stated that, if a building was uninhabitable, the construction to make it habitable would make the building the substantial equivalent of a new structure. Another assessor stated their office considers all kitchen and bath remodels as the substantial equivalent of new.

CONSTRUCTION IN PROGRESS

Section 71 provides that construction in progress on the lien date (January 1) is appraised at market value for the portion in existence on the lien date and on each lien date thereafter until the date of completion. When construction is completed, it is reassessed to current market value and a base year value established. Responses were consistent in that assessors use either a percentage of market value based on the stage of completion or the cost of completed construction to value the construction in progress.

SUPPLEMENTAL ASSESSMENT

Section 75.10(b) provides that actual physical new construction includes the removal of a structure from land. Most assessors reported that they enroll "negative supplemental assessments" for the removal of a structure from land. One assessor commented that they

⁹ This theory is consistent with previous Board guidance. See Fall 1982 Special Topic Survey on New Construction and September 1985 SBE New Construction Workshops.

process a negative supplemental assessment only if the removal is a stand-alone activity. If the removal is part of a larger new construction project, it does not process a negative supplemental assessment. Another assessor reported that it does not enroll a negative supplemental assessment when only a portion of a structure is removed.

DATE OF COMPLETION

Rule 463.500(b) provides that the date of completion of construction resulting from actual physical new construction on the site will be the earliest of either the date upon which the new construction is available for use by the owner or the date the property is occupied or used by the owner. Most assessors reported that they use (1) the notice of final inspection or other similar document issued by the permit issuing agency, (2) field inspection, or (3) information from the property owner. Other ways of identifying the date of completion include new construction questionnaires, information from contractors, business property statements, and newspaper articles.

NEW CONSTRUCTION EXCLUSIONS

Generally, an addition to real property is an assessable event unless it is specifically excluded from reassessment. The law contains numerous new construction exclusions. A new construction exclusion generally means the property owner who installs the improvement will not be assessed for it. The improvement that was initially excluded will become assessable when the property undergoes a change in ownership and a new base year value is established. Here is a list of new construction exclusions.

LIST OF NEW CONSTRUCTION EXCLUSIONS

CODE	DESCRIPTION	FILING	FILING PERIOD	TIME PERIOD OF EXCLUSION
69.4	Remediation of contaminated property	Yes	Submit federal or state proof of contamination with assessor	Until establishment of new base year value
70(c)	Disaster relief	No		Until establishment of new base year value
70(d)	Seismic safety—unreinforced masonry buildings	Yes	File certificate of compliance with assessor within 6 months of completion of project	15 years or until establishment of new base year value, whichever comes first
70(e)	Underground storage tank	No		Until establishment of new base year value
73 ¹⁰	Active solar energy systems	No		Until establishment of new base year value
74	Fire systems	No		Until establishment of new base year value
74.3	Disabled persons accessibility—single and multiple family dwellings	Yes	No stated period; file statement of disability and construction with assessor	Until establishment of new base year value

¹⁰ This code section will be repealed as of January 1, 2006, unless a statute that is enacted before January 1, 2006, deletes or extends this date.

CODE	DESCRIPTION	FILING	FILING PERIOD	TIME PERIOD OF EXCLUSION
74.5	Seismic safety retrofitting improvements	Yes	Notify assessor of intention to claim exclusion within 30 days of completion; documents must be filed within 6 months of completion	Until establishment of new base year value
74.6	Disabled persons accessibility—other buildings or structures	Yes	Notify assessor of intention to claim exclusion within 30 days of completion; claim and supporting documents must be filed within 6 months of completion	Until establishment of new base year value
75.12	Builder's exclusion (supplemental assessment)	Yes	Notify assessor within 30 days of commencement of project that owner will not occupy or use property	Until new base year value is enrolled on next lien date
170	Disaster relief	Yes	File application within one year of disaster	Until establishment of new base year value
5825(c)	Disaster relief for manufactured homes	No		Until establishment of new base year value
5825(d)	Manufactured homes taken by eminent domain	No		Until establishment of new base year value

DISASTER RELIEF—TIMELY RECONSTRUCTION

Section 70(c) provides that where real property has been damaged or destroyed by misfortune or calamity, "newly constructed" and "new construction" do not mean any *timely reconstruction* of the real property, or portion thereof, where the property after reconstruction is substantially equivalent to the property prior to damage or destruction. Since "timely reconstruction" is not statutorily defined, assessors were asked their interpretations.

Ten assessors indicated they use no specific time period. Twelve assessors reported a period between one and four years. Half of these assessors use three years. Most assessors indicated that this decision is made on a case-by-case basis, depending on the circumstances involved (e.g., the time it takes to receive an insurance company settlement or the financial resources of the owner).

DISASTER RELIEF—SUBSTANTIALLY EQUIVALENT

In determining if the reconstructed property is substantially equivalent to new under section 70(c), twenty-two assessors mentioned size as a determining factor; of these, eight specified square footage. Seven assessors specified quality class; one assessor indicated that an increase of a single quality class rating is "substantially equivalent." Fourteen assessors rely on field inspection and appraiser judgment. One assessor reported that they use a threshold of 80 percent of new; another assessor reported they follow the guidelines in section 69 (base year value transfer for properties substantially damaged or destroyed in a Governor-declared disaster), which provides a value threshold of 120 percent.

SEISMIC SAFETY—UNREINFORCED MASONRY BEARING WALL CONSTRUCTION EXCLUSION

Current law provides two new construction exclusions for certain seismic safety improvements (sections 70(d) and 74.5).¹¹ Section 70(d) implements Proposition 23, approved by the voters in 1984, and provides a 15-year new construction exclusion for improvements to unreinforced masonry buildings undertaken to comply with local ordinances on seismic safety. If the property changes ownership during the 15-year period, a new base year value must be established and enrolled for the entire property. If no change in ownership has occurred, in the sixteenth year following the required reconstruction or improvement, the assessor shall enroll the excluded property at its current full cash value.

Ten assessors indicated that these exclusions are tracked in some way—a listing of excluded properties, a notation on the property record, a notation on the computer system. One assessor flags these properties for annual review. Another assessor includes such properties in their files of progressing construction.

On the other hand, thirteen assessors reported they do not track these exclusions. One assessor stated they rely on the staff to remember. Another assessor indicated they do not have any such properties and probably would not track since improvements to unreinforced masonry buildings would be considered maintenance and repair and, thus, not subject to reassessment.

FILING REQUIREMENTS FOR EXCLUSIONS

Six of the new construction exclusions require that some type of document be filed with the county assessor within a certain time period. Twenty-seven assessors indicated they mail forms if an exclusion may apply. Still, two-thirds of the assessors reported that taxpayers fail to qualify because they are unaware of filing deadlines. Most assessors reported that missed deadlines are especially a problem for the builder's exclusion.

Many assessors try to notify the public of the builder's exclusion. Fourteen assessors reported that forms and information are available at the assessor's office and at various permit-issuing agencies. Other assessors mail a form as part of the process of splitting and mapping new subdivisions. Another assessor mails the form with the subdivision development cost letter. Some assessors have brochures available. Other assessors send information to the Builders Exchange and builders' newsletters. Several assessors listed public speaking, media, and the county fair as methods used to notify persons of this exclusion.

FILING FEES FOR EXCLUSIONS

Section 74.3(g), the disabled person's accessibility new construction exclusion for single or multiple family residences, specifically allows an assessor to charge a fee for reimbursement of the costs of processing and administering the exclusion request. In response to the question whether the county charges a fee for filing or processing any type of new construction exclusion, none of the 42 counties charge any type of fee for processing any new construction exclusion.

¹¹ See Letter To Assessors No. 2001/089, dated December 17, 2001.

OTHER NEW CONSTRUCTION ISSUES

CONTAMINATED PROPERTY

The questionnaire asked two questions related to contamination. One asked how contamination in general is treated and the other asked how mold contamination is treated. Assessors generally answered these two questions in the same way. Those assessors who provided comments appear to be in agreement on this issue, regardless of the type of contamination.

Twenty-five assessors replied that they do not consider the remediation of mold contamination to be assessable new construction. Two assessors indicated that the remediation is new construction. Eleven said it depended on the situation. Several assessors reported they have not had this situation occur.

Seventeen assessors responded that the remediation of contaminated property is not assessable new construction. Ten assessors reported that the remediation is new construction. Fifteen indicated that it depends on the situation.

Those that indicated that it depends on the situation also commented that they review on a case-by-case basis. If the property's base year value reflects the contamination, then the remediation, if significant, is treated as new construction when the condition is remediated. If the property's base value does *not* reflect the contamination, it is considered a condition problem when discovered and the assessed value is reduced under section 51(a) (Proposition 8 declines in value). When the condition is remediated, the original base year value is restored.

In addition, one assessor commented that any improvements or equipment added to the property to prevent, reduce, or monitor future contamination should be new construction. Another assessor noted that if the property were converted from uninhabitable/unusable to habitable/usable, they would consider adding for new construction.

CHAPTER 5: EDUCATION AND OTHER ISSUES

INFORMING THE PUBLIC

As discussed earlier, educating the public about available exclusions is a difficult task. In response to the question of how to educate the public about change in ownership or new construction exclusions, the two most common methods reported by assessors are brochures and county Web sites. In addition, some assessors mail information and forms or have forms available at their public counter and other county or city offices. One assessor commented they mail the homeowners' exemption claim with the Notice of Supplemental Assessment after residential property transfers.

Other assessors use various forms of the media—newspaper, press releases, local cable television channels, and radio presentations and interviews. Some assessors have forums or meet with title companies, law industry, builders exchange, business alliance, and neighborhood associations. One assessor mentioned that their office conducts taxpayer workshops. Another assessor mentioned the county fair as an opportunity to interact with and educate the public.

OTHER ISSUES

In response to the query regarding other problem areas not covered by the questionnaire, four other comments were offered by assessors.

Section 75.54 provides that taxes on the supplemental roll become a lien against the real property on the date of the change in ownership or completion of new construction unless by other provisions of law the taxes are not a lien on real property. One assessor commented that the application of section 75.54 is a problem when parcel splits or combinations are involved.

Another assessor stated that attorneys sometimes misinform their clients about change in ownership, especially when a trust is involved. Taxpayers tell the assessor that their attorney said that there was no change in ownership until a deed recorded out of the trust to the beneficiaries. They don't seem to know that the date of death is the change in ownership date.

A third assessor wrote that some attorneys and paralegal offices use computer generated PCOR's that either leave out certain questions or are an obsolete version of the form.

The fourth comment regarding the Recorder's refusal to provide death list was discussed in Chapter 3.

CHAPTER 6: ORDINANCES FOR EXCLUSIONS

In addition to the previously explained exclusions, there are five sections in article XIII A of the California Constitution and the Revenue and Taxation Code that allow counties to enact local ordinances or resolutions to implement change in ownership exclusions (via a base year value transfer) or a new construction exclusion. All 58 counties provided information for this chapter.

GRAPEVINES

Revenue and Taxation Code section 53(b) allows a county board of supervisors to enact an ordinance which allows the transfer of base year value from grapevines that were removed solely as a result of phylloxera infestation or Pierce's Disease to replacement grapevines that are substantially equivalent and are planted on the same parcel. The following five counties have adopted ordinances that allow such base year value transfers:

Amador	El Dorado	Lake	Napa	Riverside
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DISASTER RELIEF - INTERCOUNTY BASE YEAR VALUE TRANSFER

Revenue and Taxation Code section 69.3 authorizes a county board of supervisors to enact an ordinance which allows for the transfer of a base year value from a principal residence that was substantially damaged or destroyed in a Governor-declared disaster to a principal residence that is located in another county. The following eight counties have such ordinances:

Contra Costa	Modoc	Santa Clara	Sutter
Los Angeles	San Francisco	Solano	Ventura

CONTAMINATED PROPERTY

Section 2(i) of article XIII A of the California Constitution (implemented by section 69.4) authorizes county boards of supervisors to enact a resolution which allows a base year value transfer from contaminated property to replacement property.

None of the 58 counties has implemented such a resolution.

OVER 55/DISABLED PERSONS BASE YEAR VALUE TRANSFER

Revenue and Taxation Code section 69.5 authorizes a county board of supervisors to enact an ordinance which allows persons who are over the age of 55 or disabled to the transfer of base year value from a principal residence to a principal residence that is located in another county. The following nine counties have such an ordinance:

Alameda	Modoc	San Mateo
Kern	Orange	Santa Clara
Los Angeles	San Diego	Ventura

DISASTER RELIEF – NEW CONSTRUCTION

Revenue and Taxation Code section 170 authorizes a county board of supervisors to enact an ordinance to allow the value of property that has been damaged or destroyed by misfortune or calamity to be reduced to reflect the damage or destruction. This relief applies as of the date of damage or destruction. The property's base year value prior to the damage or destruction will be re-enrolled as of the date of completion when such property is fully repaired, restored, or reconstructed. A county may limit this relief to Governor-declared disasters. Absent a section 170 ordinance, relief is available on the lien date following the disaster under section 51.

Fifty-seven of the 58 counties have section 170 ordinances. Fresno County does not have a section 170 ordinance.

Of the 57 counties that have section 170 ordinances, Contra Costa County's ordinance is the only one that limits relief to Governor-declared disasters.

CHAPTER 7: CONCLUSIONS

CHANGE IN OWNERSHIP

PRELIMINARY CHANGE IN OWNERSHIP REPORT

Section 480.3 provides that a transferee may file a Preliminary Change of Ownership Report (PCOR) with the county recorder when a document evidencing a change in ownership is recorded. Because the content of this form is codified in section 480.4, any substantial changes to the form would require a statutory change.

Sixty-two percent of the counties that responded (26 of 42) reported problems with the PCOR being incorrect or incomplete when filed. Of those counties that have problems with this form, title companies filled out half of them. Some counties have held workshops for title companies; the results have been mixed.

Possible solutions:

- ◆ Amend statute to (1) make form Board-prescribed rather than codified by statute, and (2) require the PCOR be filed with deeds
- ◆ Simplify the form—either statutorily or when it is Board-prescribed
- ◆ Work with California Assessors' Association (CAA) to produce a "how to" booklet that can be given out with the form

PROOF OF SECTION 64(b) CHANGE IN OWNERSHIP EXCLUSION

Section 64(b) provides that corporate reorganizations or transfers of real property between affiliated corporations are excluded from change in ownership if the taxpayer provides proof under penalty of perjury. However, section 64(b) does not specify how proof under penalty of perjury is to be provided. Counties differ on how to comply with this requirement.

Possible solutions:

- ◆ Amend statute to specify method to promote uniformity across the state
- ◆ Work with CAA to create a Board-prescribed form
- ◆ Recommend that taxpayers file the Board's LEOP form (BOE-100B) which meets the section 64(b) criteria
- ◆ Issue a Letter To Assessors outlining which methods can be used
- ◆ Implement a rule on change in ownership reporting requirements

TRACKING TRANSFERS OF COOWNERS' INTERESTS IN A LEGAL ENTITY

Section 62(a)(2) provides that proportional transfers between individuals and legal entities may be excluded from reassessment. However, under section 64(d), once a transaction has been excluded from reassessment under section 62(a)(2), those persons holding ownership interests in that legal entity are considered the "original coowners." Subsequently, whenever original coowners cumulatively transfer more than 50 percent of the total interests in the entity, the change in ownership previously excluded under section 62(a)(2) will be reassessed.

Section 64(e) requires the state Franchise Tax Board (FTB) to include a question on the income tax forms filed by legal entities asking if more than 50 percent of the voting stock or ownership interest has been transferred or acquired by another legal entity during the year. FTB sends the names and addresses of those who answered "yes" to the Board. Section 480.2 requires a legal entity to file a change in ownership statement when more than 50 percent interest transfers under 64(d).

Transfers of voting stock or partnership interests are not recorded by deed. The question on the FTB income tax return does not ask about transfers of less than 50 percent interest. We are relying on legal entities to track cumulative transfers, determine when a change in ownership occurs under section 64(d), to determine when a change in control occurs under section 64(c), and to timely file a statement (BOE-100-B) when a change in ownership occurs.

Possible Solutions:

- ◆ Work with the Securities and Exchange Commission to allow Board access to limited ownership tracking data
- ◆ Amend section 480.2 to require legal entities to report any transfers of original coowners' interests
- ◆ Work with FTB to amend the income tax return question to include transfers of less than 50 percent
- ◆ Develop a legal entity change in ownership questionnaire for use by counties to mail similar to the Board's change in ownership or control of legal entities form
- ◆ Add a question to the Business Property Statement to gather data on transfers of coowners' interest

REPORTS TO MONITOR EXCLUSIONS

In order to monitor the parent-child exclusion limit of \$1 million and to prevent the duplication of claims for the base year value transfer for persons over age 55 or disabled, sections 63.1 and 69.5 require the county assessor to report quarterly to the Board the exclusions granted. For the four quarters in 2003, an average of 43 assessors submitted reports (74%) for the parent-child monitoring program. For the same time period, an average of 33 assessors submitted reports (57%) for the duplicate claim monitoring program. For various reasons, a quarter of the assessors do not report the granted parent-child exclusion claims and almost half of the assessors do not report the approved section 69.5 claims.

Sometimes, reports are submitted to the Board untimely. When reports are untimely and, for example, transferors exceed the \$1 million exclusion, this puts a burden on the assessors involved because property exceeding the \$1 million threshold needs to be reassessed. If the transaction date occurred more than four years prior to the submission of the report to the Board, an assessor will not be able to issue escape assessments for all years involved because of the four-year statute of limitations. It also puts a burden on the transferees who receive unanticipated escape assessments for the reassessment of property exceeding the \$1 million limit.

Possible solutions:

- ◆ Amend sections 63.1 and 69.5 to make reporting mandatory and, if necessary, implement fees to offset any additional administration costs
- ◆ Re-issue County Assessors Only letter (CAO 99/23) on reporting requirements
- ◆ Work with CAA to encourage reporting
- ◆ Work with Department of Finance to make filing of reports with the Board a condition of receiving funds under the State-County Property Tax Administration Grant Program (section 95.35).

NEW CONSTRUCTION

SUBSTANTIAL EQUIVALENT OF NEW

Under section 70(b) and Property Tax Rule 463(b)(3), new construction is assessable when that construction has converted a fixture or any other improvement, or a portion thereof, to a state "substantially equivalent of new." Assessors' Handbook Section 502, *Advanced Appraisal*, uses the example of an old house that is stripped to its studs and rebuilt from the foundation up. Whether or not new construction activity transforms an improvement, fixture, or a portion thereof into a state that is substantially equivalent of new is a factual determination that must be made on a case-by-case basis. Counties use various standards by which to determine whether or not a property is improved to a state that is the substantially equivalent of new. These standards should be clarified.

Possible solutions:

- ◆ Amend statute to promote uniformity in the application of "substantially equivalent of new"
- ◆ Amend Rule 463 to define "substantially equivalent of new"
- ◆ Enhance discussion in Assessors' Handbook Section 502 of what is "substantially equivalent of new"
- ◆ Issue a Letter To Assessors

NEW CONSTRUCTION EXCLUSION FILING DEADLINES

Sections 70 through 74.7 contain the definitions of new construction and exclusions from assessment for certain types of new construction. Sixty-eight percent of the counties indicated that taxpayers fail to qualify for new construction exclusions because of missed deadlines. The various code sections on exclusions have different filing requirements and deadlines.

Possible solutions:

- ◆ Amend statutes to provide for prospective relief if deadline is missed
- ◆ Amend statutes to standardize all new construction exclusion filing deadlines
- ◆ Work with CAA to encourage taxpayer education
- ◆ Issue a Letter To Assessors
- ◆ Add page to Board's Web site outlining various exclusions and filing procedures
- ◆ Create a brochure

MISFORTUNE/CALAMITY EXCLUSION—"TIMELY RECONSTRUCTION"

Section 70(c) provides that if property has been substantially damaged or destroyed by misfortune or calamity, assessable new construction does not include any "timely reconstruction" of real property or portion thereof where the reconstructed property is substantially equivalent to the damaged or destroyed property prior to the damage or destruction. However, the code does not elaborate on what is "timely reconstruction." Counties vary in their interpretation of what is considered timely.

Possible solutions:

- ◆ Amend statute to define "timely reconstruction" to promote uniformity
- ◆ Amend Property Tax Rule 463 to define "timely reconstruction"
- ◆ Add discussion to Assessors' Handbook Section 502 on "timely reconstruction"
- ◆ Issue a Letter To Assessors

SEISMIC SAFETY EXCLUSION—UNREINFORCED MASONRY BEARING WALL CONSTRUCTION IMPROVEMENTS

Section 70(d) provides 15-year new construction exclusion for the reconstruction or improvement of unreinforced masonry bearing walls to comply with local ordinances on seismic safety. On the 16th year, the assessor must enroll the full cash value of that previously excluded new construction if no change in ownership has occurred in the 15-year time period. Thirteen counties indicate they do not track these exclusions so the property can be reassessed when the exclusion expires.

Possible solutions:

- ◆ Constitutional amendment to eliminate 15-year period and to make the exclusion applicable until a change in ownership occurs. This would be consistent with the seismic retrofitting exclusion in section 74.5.
- ◆ Issue a Letter To Assessors
- ◆ Add discussion to Assessors' Handbook Section 502

REMEDICATION OF CONTAMINATED PROPERTY

Case law has outlined how the fair market value of contaminated property is to be determined under certain factual situations. (*Firestone Tire & Rubber Co. v. Monterey County*, 223 Cal.App.3d 382; *Mola Development Corporation v. Orange County Assessment Appeals Board No. 2*, 80 Cal.App.4th 309). The proper assessment after the subsequent remediation of contaminated property is an area of law that should be clarified.

Possible solutions:

- ◆ Issue a Letter To Assessors
- ◆ Add discussion to Assessors' Handbook Section 502
- ◆ Add rule on the remediation of contaminated property

STATE BOARD OF EQUALIZATION
 PROPERTY AND SPECIAL TAXES DEPARTMENT
 450 N STREET, SACRAMENTO, CALIFORNIA
 PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0064
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 www.boe.ca.gov

July 18, 2003

CAROLE MIGDEN
 First District, San Francisco

BILL LEONARD
 Second District, Ontario

CLAUDE PARRISH
 Third District, Long Beach

JOHN CHIANG
 Fourth District, Los Angeles

STEVE WESTLY
 State Controller, Sacramento

TIMOTHY W. BOYER
 Interim Executive Director

CAO 2003/012

TO COUNTY ASSESSORS ONLY:

**QUESTIONNAIRE FOR SPECIAL TOPIC SURVEY ON CHANGE IN OWNERSHIP
 AND NEW CONSTRUCTION**

The State Board of Equalization conducts two different types of surveys of county assessment practices. The first, required by law to be made at least once every five years, involves comprehensive office audits performed in each county, the results of which are published as assessment practices survey reports. The second type of survey focuses on assessment issues of concern to the entire California property tax community. These single-issue reports are prepared on an as-needed basis. A special topic survey typically involves questionnaires mailed to the 58 counties, rather than visits to county assessors' offices.

Enclosed is a special topic survey questionnaire regarding change in ownership and new construction. The questionnaire is also available in Microsoft Word format, upon request, so it can be completed and filed electronically. The prior special topic surveys on newly constructed property and property that has changed ownership or control were conducted in 1982 and 1984, respectively. Since that time, numerous legislative changes have occurred, and the Board has adopted or amended 19 applicable Property Tax Rules. This special topic survey will enable Board staff to compile and publish current information about statewide assessment practices in the areas of change in ownership and new construction.

Please return your completed questionnaire **by Friday, August 22, 2003**. Responses from each county will be reviewed, and a summary of findings will be prepared for distribution later this year. The data gathered through this questionnaire process will be used in the compilation of the special topic survey report *only*.

If you have any questions regarding the enclosed questionnaire or the special topic survey report, please contact Glenna Schultz at (916) 324-5836 (glenna.schultz@boe.ca.gov) or Mark Nisson at (916) 324-0295.

Sincerely,

/s/ David J. Gau

David J. Gau
 Deputy Director
 Property and Special Taxes Department

County No. ____

APPENDIX 1: QUESTIONNAIRE FOR SPECIAL TOPIC SURVEY ON CHANGE IN OWNERSHIP AND NEW CONSTRUCTION

The answers to these questions will be kept confidential, unless otherwise stated.

CHANGE IN OWNERSHIP

1. Identifying transfers that result in change in ownership – Does your county review death certificates for possible changes in ownership?

No

Yes

2. What methods does your county use in discovering unrecorded transfers that result in change in ownership?

3. How does your county identify and track long-term leases (35+ years) that constitute changes in ownership of real property? How does your county find out if a long-term lease has been terminated?

4. How does your county identify transfers that may be excluded from change in ownership, other than the Preliminary Change of Ownership Report (PCOR)?

5. Does your county have a significant problem with the PCOR being incorrectly completed?

No

Yes

If yes, estimate percentage that are incorrect: _____%

5a. Of those that are incorrect, are the majority being completed by:

Title companies

Individuals

Other (please specify:)

5b. What particular areas of the form are filled out incorrectly?

- 5c. Does your county consider any areas of the form unnecessary? If so, which areas?
6. For changes in ownership of commercial or other income-generating property, does your county send an addendum to the PCOR or Change in Ownership Statement requesting income and expense information?
- No
- Yes If yes, please provide a copy.
7. Please indicate by percentage how transfers between legal entities are discovered:
- _____ % The Board's Legal Entity Ownership Program (LEOP)
- _____ % Business property statement
- _____ % Audit
- _____ % Deed
- _____ % Other (please specify:)
8. How does a taxpayer furnish proof, under penalty of perjury, of the Revenue and Taxation Code¹ section 64(b) exclusion (corporate reorganization or transfer between affiliated corporations)?
9. Once a property has been transferred to a legal entity and excluded under section 62(a)(2), how do you track subsequent transfers of original coowners' interests?
10. Once a joint tenancy has been created under section 65(b), how do you track transfers of the joint tenancy interests to determine whether they have been transferred to persons other than original transferors?
11. How do you value a partial interest transfer resulting in a change in ownership? For example, an undivided 25 percent interest in real property changes ownership. What procedure do you follow to establish a new base year value for that 25 percent?

¹ All statutory references are to the Revenue and Taxation Code unless otherwise indicated.

12. Section 63.1 Parent/child exclusion—if your county does not send in quarterly reports to BOE, how do you track the \$1 million limit of properties transferred from eligible transferors?

We provide quarterly reports to BOE.

Comment:

13. Section 69.5 Base year value transfer for persons over age 55 or disabled—if your county does not send in quarterly reports to BOE, how do you identify duplicate transfers within your county?

We provide quarterly reports to BOE.

Comment:

14. Does your county charge any fee for filing or processing claims for the parent/child or grandparent/grandchild exclusions?

No

Yes

If yes, please describe the fee structure:

15. Does your county charge a fee for filing or processing any other type of claim for a change in ownership exclusion?

No

Yes

If yes, please identify the exclusion and describe the fee structure:

16. Does your county apply the penalty if a change in ownership statement is not timely filed as required by sections 480, 480.1, or 480.2?

No

Yes

If no, why?

16a. Do you generally recommend abatement of these penalties?

No

Yes

If yes, before or after the taxpayer files a statement?

16b. Would you recommend abatement where the taxpayer failed to file the statement you requested, even though you subsequently determined that a reappraisable change in ownership did not occur?

No

Yes

- 16c. What percentage of the penalties are abated by the Board of Supervisors? _____%
17. Government Code section 27297.6 provides that the Los Angeles County Recorder may require, as a condition of recording, that the legal description on a recorded deed include the Assessor's Parcel Number. Are parcel numbers listed on recorded deeds in your county?
- No
- Yes
- If no, would it help?

NEW CONSTRUCTION

18. Does your county have a self-reporting program for new construction?
- No
- Yes
- If yes, please provide a copy of any forms and describe its parameters?
19. How does your county determine if construction is assessable new construction?
20. How does your county determine if physical alteration of an improvement converts it to the "substantial equivalent of new"? Please include any guidelines or thresholds that you use.
21. Please indicate by percentage how new construction is discovered?
- _____ % Building permit ("reported" new construction)
- _____ % Business property statement ("reported" new construction)
- _____ % Audit ("unreported" new construction)
- _____ % Aerial maps ("unreported" new construction)
- _____ % Neighborhood canvass ("unreported" new construction)
- _____ % Other (please specify)
22. How often does your county discover unreported new construction (i.e., no building permits or not reported on business property statement) where it was completed more than four years prior to discovery and, thus, your county cannot issue escape assessments for some years because of the statute of limitations?

23. Section 72 requires copies of building permits be transmitted to the county assessor. How well is this statute being followed? Does your county still have a problem receiving permits?

24. Does your county receive building permits electronically?

No

Yes

If yes, does this make your job easier? Please comment.

25. How does your county identify whether new construction is subject to a specific exclusion? Do you mail forms if an exclusion may apply?

26. Do taxpayers fail to qualify for new construction exclusions because they are unaware of filing deadlines?

No

Yes

Comment:

26a. Are some of these for the "builder's exclusion" in section 75.12?

No

Yes

26b. How do you notify the public of the builder's exclusion?

27. Does your county enroll "negative supplemental assessments" under section 75.10 for the removal of a structure (or portion thereof) from land?

No

Yes

28. How does your county appraise construction in progress on the lien date?

29. How does your county assess new construction to the common area of a planned development?

30. How does your county identify the date of completion of new construction?

31. If your county does not have a section 170 disaster relief ordinance, how do you treat damage or destruction caused by a disaster?

32. What does your county consider "timely reconstruction" under section 70(c)?

33. How does your county determine if a property is "substantially equivalent" under section 70(c)?

34. How does your county track the 15-year new construction exclusion for unreinforced masonry bearing wall construction improvements (section 70(d))?

35. Does your county consider the remediation of mold contamination assessable new construction?

No

Yes

Comment:

36. Does your county consider the remediation of contaminated property assessable new construction?

No

Yes

Comment:

37. Does your county charge a fee for filing or processing any type of new construction exclusion?

No

Yes

If yes, please identify the exclusion and describe the fee structure:

ORDINANCES/RESOLUTIONS²

38. Does your county have an ordinance implementing the grapevine base year value transfer provisions of subdivision (b) of section 53 (removal because of phylloxera infestation/Pierce's Disease³)?

- No
- Yes If yes, what is the effective date? _____
What is the sunset date? _____ No sunset date.

39. Does your county have an ordinance implementing the intercounty base year value transfer provisions of section 69.3 (disaster relief)?

- No
- Yes If yes, what is the effective date? _____
What is the sunset date? _____ No sunset date

40. Does your county have a resolution authorizing intercounty base year value transfer provisions of section 2(i) of article XIII A of the California Constitution (contaminated property, implemented by Revenue and Taxation Code section 69.4)?

- No
- Yes If yes, what is the effective date? _____
What is the sunset date? _____ No sunset date

41. Does your county have an ordinance implementing the intercounty base year value transfer provisions of section 69.5 (over 55/disabled persons)?

- No
- Yes If yes, what is the effective date? _____
What is the sunset date? _____ No sunset date

42. Does your county have a disaster relief ordinance pursuant to section 170?

- No
- Yes

43. If your county has a section 170 ordinance, is it limited to Governor-declared disasters?

- No
- Yes

² This information may be released to the public.
³ See Letters To Assessors No. 97/65 and No. 2000/092.

44. Keeping your taxpayers informed about exclusions that have been in effect for awhile is a difficult task. How do you educate the public about what change in ownership or new construction exclusions are available?

45. Additional comments or other problem areas not covered by these questions:

Contact Person: _____

Phone Number: _____

*Please return completed questionnaire by **August 22, 2003**, to:*

*Ms. Glenna Schultz
State Board of Equalization
Property and Special Taxes Department
Assessment Policy and Standards Division
P. O. Box 942879
Sacramento, CA 94279-0064*

APPENDIX 2: RESULTS OF QUESTIONNAIRE

CHANGE IN OWNERSHIP

1. *Identifying transfers that result in change in ownership – Does your county review death certificates for possible changes in ownership?*

17 No

- ◆ It is the recorder's policy not to let the assessor's office view death certificates; however, the recorder prepares a list of deaths for the assessor to review
- ◆ Recorder refuses to provide death list

25 Yes

- ◆ Reviews only if mailed to office
- ◆ Review Recorder's list of deaths in lieu of death certificates (see above)
- ◆ Review list of deaths published weekly by Health Department

2. *What methods does your county use in discovering unrecorded transfers that result in change in ownership?*

- ◆ LEOP (12 counties)
- ◆ Newspaper articles (11), obituaries; other business publications (2)
- ◆ Subsequent transfers (recorded deeds) (11)
- ◆ PCOR (5), COS (2), BPS (10), Agricultural property statements
- ◆ Homeowners' Exemption application (9)
- ◆ Address change requests (8)
- ◆ Field inspection (7)
- ◆ Taxpayer notification (7)
- ◆ Deeds filed by successor trustees, administrators, or executors (5)
- ◆ Assessee contact (5)
- ◆ Court filings (probate, inventory and appraisal documents) (4)
- ◆ Death notices (4) and SSN comparison
- ◆ Attorneys (2)
- ◆ USFS cabin permits, transfer notification (2)
- ◆ Building permits (2)
- ◆ Signature dates on documents (2)
- ◆ Correspondence with known unrecorded contract of sales people (2)
- ◆ Agency reports (DMV, HCD, FAA, FCC, Secretary of State)
- ◆ "Statement of Death of Real Property Owner" is filed by attorneys
- ◆ Reports of foreign improvements
- ◆ Relocation Contract
- ◆ Possessory interests discovery program
- ◆ Homeowners Associations

3. *How does your county identify long-term leases (35+ years) that constitute changes in ownership of real property?*

- ◆ Recordings of lease memorandums (29)
- ◆ Business Property Statement (12), PCOR (3), COS (2), or Agricultural Property Statements (1)
- ◆ Observation of commercial development, site review (11)
- ◆ Notification by taxpayer (9)
- ◆ Board's Legal Entity Ownership Program reports (5)
- ◆ Governmental agency reports (possessory interests), Other agencies (3)
- ◆ Newspaper articles (3)
- ◆ Audit (2)
- ◆ Business journals (1)
- ◆ Association realtors (1)
- ◆ Rent questionnaires mailed to new tenants for commercial/industrial properties (1)

How does your county track long-term leases?

- ◆ Computer tracking system: special codes for long-term leases, lease termination date (10)
- ◆ Flagging the parcel or appraisal record for future reappraisal; attach copy of lease to appraisal record; lease effective and end dates included in ownership file (7)
- ◆ Create separate lease records (2)
- ◆ No tracking process (2)

How does your county find out if a long-term lease has been terminated?

- ◆ Recordings of new documents, memorandums, termination of lease, assignments of lease, quitclaim deeds (18)
- ◆ Information from property owner or lessee (13)
- ◆ Business Property Statement, PCOR, COS, or Agricultural Property Statements (7)
- ◆ Field visit (5)
- ◆ Rent questionnaires sent to new tenants of commercial and industrial properties
- ◆ Newspaper articles
- ◆ Word of mouth (small county)

4. *How does your county identify transfers that may be excluded from change in ownership, other than the Preliminary Change of Ownership Report (PCOR)?*

- ◆ Analysis of deeds (comments on deeds), PCOR, other documents, parcel history (25)
- ◆ Request additional information—letter, Change in Ownership Statement, questionnaires, copies of trust (20)
- ◆ Taxpayer response to supplemental assessment notice or bill (10)
- ◆ Personal contact—phone calls, field visit (6)
- ◆ Documentary Transfer Tax (or lack of) (3)
- ◆ Title searches (multiple owners, prior partial interest transfers) (2)
- ◆ Send parent/child questionnaire if address or last names are the same (2)

- ◆ Internal tracking of entities (2)
- ◆ Joint tenancy—track original transferor
- ◆ Plat maps

5. *Does your county have a significant problem with the PCOR being incorrectly completed?*

15 No

26 Yes

1 No Answer

If yes, estimate percentage that are incorrect: Average 31% (High of 90%, low of 10% with majority of counties being in the 25-35% range)

5a. *Of those that are incorrect, are the majority being completed by:*

21 Title companies

19 Individuals

2 Other (please specify:) Two counties identified escrow companies and two specified attorneys. Eight counties commented that PCOR's are incomplete rather than incorrect. One county commented that title companies provide their phone number rather than that of the transferee.

5b. *What particular areas of the form are filled out incorrectly?*

- ◆ Part I (11)
- ◆ Exclusion portion A – K (4)
- ◆ Part 1, A – Interspousal indicated when not married (2)
- ◆ Part 1, B – Name correction used when really an owner change (not just spelling or marriage)
- ◆ Part 1, C – lender's interest
- ◆ Trust questions incorrect
- ◆ Part II (3)
- ◆ Part II, lease information
- ◆ Part III (11)
- ◆ Financial information (9)
- ◆ Purchase price and information (8)
- ◆ Property Information Part IV (6)
- ◆ Property condition (2)
- ◆ Property characteristics
- ◆ Phone number not that of property owner (6)
- ◆ Parcel number (3)
- ◆ Realtor info (3)
- ◆ Mailing address (2)

Incomplete:

- ◆ Signatures (6)
- ◆ Sales price (2)
- ◆ Financing
- ◆ Condition of property
- ◆ Personal property
- ◆ One county stated often nothing is completed—the form is only signed

5c. *Does your county consider any areas of the form unnecessary? If so, which areas?*

Thirty-one (31) counties answered that none of the areas of the form are unnecessary; one county stated that the PCOR is well conceived. Another stated that all are useful information sources. Two counties declined to answer. Nine counties answered that they consider some areas of the form to be unnecessary.

Comments:

- ◆ Entire form should be more user friendly
- ◆ Some questions in Part I are unnecessary or outdated and generally are unclear
- ◆ Part I questions are confusing
- ◆ Question B should be deleted or reworded
- ◆ Questions C and D are used interchangeably—combine questions or remove C (2)
- ◆ Question E—delete—a PCOR is not required for substitution of trustee (3)
- ◆ Question H3—delete—Clifford Trust no longer used (2)
- ◆ Question I – Omit statement in instructing public to skip Parts 2, 3, and 4 if they answered "yes" to anything in Questions A - I
- ◆ Add back box for partial interest transfer
- ◆ Add question for section 64(b) exclusion (corporate reorganization or transfer between affiliated corporations)
- ◆ Add room to Part 1 for further explanation--add "other" with 2 blank lines
- ◆ Section 3, Parts B, C, and D are unnecessary
- ◆ Financing section is unnecessary
- ◆ Additional information area needs to be expanded and made more prominent
- ◆ New Certification—new expanded version is too much
 - Delete Fed ID # - not necessary
 - Delete ownership type—deed should tell; "Ownership type" on left side of certification confuses taxpayers as to which box should be checked (2)
 - Phone number and signature need to be emphasized more—too frequently left blank

6. *For changes in ownership of commercial or other income-generating property, does your county send an addendum to the PCOR or Change in Ownership Statement requesting income and expense information?*

13 No – 3 counties send a letter requesting additional information.

29 Yes *If yes, please provide a copy.* [See Appendix 3.]

7. Please indicate by percentage how transfers between legal entities are discovered:

- 46% The Board's Legal Entity Ownership Program (LEOP)
- 5% Business property statement
- 2% Audit
- 44% Deed
- 3% Other (please specify:)
 - ◆ Newspapers (10 counties)
 - ◆ Direct contact with legal entity (5 counties)
 - ◆ Field appraisers (2 counties)
 - ◆ Business journals
 - ◆ Local talk
 - ◆ Leases
 - ◆ Fictitious name filings
 - ◆ Bulk transfers
 - ◆ Secretary of State filings

%	Number of Counties				
	LEOP	BPS	Audit	Deed	Other
70% – 100%	18	0	0	19	0
40% – 65%	2	0	0	1	0
1% – 35%	16	29	18	16	16
Not Used	3	12	21	5	

One county viewed this question two different ways—transfers *between* legal entities or transfers *within* legal entities—and indicated that the percentages differed depending on how this question was interpreted. LEOP tracks transfers WITHIN entities as would questions on BPS and audits; if question is how do we find out about transfers WITHIN entities, the estimate is 88% LEOP, 10% recorded documents, 2% other--newspaper articles.

8. How does a taxpayer furnish proof, under penalty of perjury, of the Revenue and Taxation Code¹ section 64(b) exclusion (corporate reorganization or transfer between affiliated corporations)?

- ◆ Specialized form which includes a perjury clause (6)
- ◆ PCOR and recorded partnership documents (2)
- ◆ Written statement and supporting documents (2)
- ◆ Corporation questionnaire
- ◆ LEOP form
- ◆ Affidavit or corporate jurat
- ◆ Notarized declaration of facts signed under penalty of perjury
- ◆ Articles of Incorporation of the affiliated corporations

¹ All statutory references are to the Revenue and Taxation Code unless otherwise indicated.

- ◆ Trust agreement, operating agreement, bylaws, income tax returns (depreciation schedules), organizational charts, corporate stock ledgers
 - ◆ Corporate minutes filed with Secretary of State
 - ◆ Evidence of IRS approval under section 368
9. *Once a property has been transferred to a legal entity and excluded under section 62(a)(2), how do you track subsequent transfers of original coowners' interests?*
- ◆ Computer system has a section allowing interest tracking (7)
 - ◆ LEOP (4)
 - ◆ Transfer history tracking ownership interest is kept in file (4)
 - A binder containing owners names within partnerships
 - Corporation files which contain copies of corporation documentation and grant deeds
 - Tracking of legal entity file
 - ◆ Notes made internally which identify the original coowners but changes are not tracked until a new document is recorded. At that time we verify the identify of the current and past owners and will process roll corrections for any previous changes in ownership
 - ◆ Code as original coowners then follow up with analysis of deeds, LEOP, newsletters, and business journals
 - ◆ Recorded partnership statement amendments and deeds
 - ◆ Business Property Statement
 - ◆ PCOR attached to appraisal for future reference
 - ◆ Ownership interest worksheet for file
10. *Once a joint tenancy has been created under section 65(b), how do you track transfers of the joint tenancy interests to determine whether they have been transferred to persons other than original transferors?*
- ◆ Special coding (12)
 - Ownership and history screens (3)
 - Electronic pie charts
 - ◆ Ownership history record maintained on the building record (6)
 - Appraisal is noted and an ownership detail page is created
 - Vesting record
 - ◆ History of transfers tracked on each file by recording date, document #, type of transfer and owners
 - ◆ Manually research old documents (4)
 - Past deeds and PCOR
 - Microfiche, appraisal sheets or computer history
 - ◆ For each recorded joint tenancy document, we trace the ownership to its point of origin; we rely on notes in our property information management system, partial interest transfer database, and research

11. *How do you value a partial interest transfer resulting in a change in ownership? For example, an undivided 25 percent interest in real property changes ownership. What procedure do you follow to establish a new base year value for that 25 percent?*

- ◆ Appraise the whole property at market value, allocate 25 percent to new ownership and establish new base year value for that 25 percent new ownership (27)
- ◆ Percentage revalued and a new base year value established for that percentage. The remaining interest not changing ownership retains its original base year value(s) as to the appropriate percentage (4)
- ◆ Percentage of old base year value added to new base year value to arrive at total assessed value
- ◆ Property then checked for Proposition 8
- ◆ A supplemental assessment is generated by comparing the prior roll value to the new base year value. All of the partial interests are tracked on a spreadsheet until a 100% interest in the property transfers
- ◆ Use a partial interest transfer worksheet where we assign current market value to the specific interest transferring
- ◆ Unable to determine – 10 counties described tracking method rather than appraisal method

12. *Section 63.1 Parent/child exclusion—if your county does not send in quarterly reports to BOE, how do you track the \$1 million limit of properties transferred from eligible transferors?*

36 We provide quarterly reports to BOE.

6 No reports

Comment: Of the 36 that provide reports, two counties also track the \$1 million limit within their own county. Six counties reported they do not file quarterly reports. One county commented it does not track due to staffing shortages. Another county stated it does not participate because there is no funding. Of these six, three have some sort of tracking system in place:

- ◆ Notations in files
- ◆ Use transfer code to track limit
- ◆ Limit exclusion if single transaction exceeds the maximum limit

13. *Section 69.5 Base year value transfer for persons over age 55 or disabled—if your county does not send in quarterly reports to BOE, how do you identify duplicate transfers within your county?*

35 We provide quarterly reports to BOE.

6 No reporting

1 No response

Comment: One county reported they have not had any claims qualify. Four counties reported they do not report. One county reported it does not track due to staffing shortages. Two of these counties have some sort of tracking system in place:

- ◆ Notations in files
- ◆ Use transfer code to track limit

14. *Does your county charge any fee for filing or processing claims for the parent/child or grandparent/ grandchild exclusions?*

40 No

2 Yes

Comment: A third county plans to initiate a fee in the near future.

- ◆ Per parcel fee established by board of supervisors resolution if application is filed after Assessor has made an appraisal and enrolled the new value (a single family residence with assessed value under \$500,000 is \$100 per parcel; a single family with assessed value of \$500,000 or more and all other property types is \$280 per parcel)
- ◆ No fee if properly completed claim is filed before the transfer is processed. If a request letter is needed, fee is \$55 per APN per claim if a claim is filed within 60 days of the initial letter being sent. Fee is \$180 per APN per claim if (1) claim is filed more than 60 days after the initial letter or (2) the property has been reassessed or (3) a rescission of claim is requested

15. *Does your county charge a fee for filing or processing any other type of claim for a change in ownership exclusion?*

39 No

3 Yes

Comment: Two counties described their fee structure.

- ◆ One-time fee of \$50 for a section 69.5 intercounty base year value transfer
- ◆ A \$55 fee for a rescission of section 69.5 base year value transfer

16. *Does your county apply the penalty if a change in ownership statement is not timely filed as required by sections 480, 480.1, or 480.2?*

35 Yes

8 No

Comment:

- ◆ Applies penalty if neither initial nor second request with penalty abatement letter is returned and if no appraiser has talked with assessee about sale/transfer
- ◆ Only when appraiser requests follow-up letter sent

If no, why? Four counties did not provide reasons.

- ◆ Not easily tracked in our computer system; does not seem cost effective to take the time for the small numbers that we have
- ◆ Administrative convenience
- ◆ Do not have staff or resources
- ◆ In process of resuming penalties

16a. Do you generally recommend abatement of these penalties?

19 No

16 Yes

4 No Answer

3 N/A

If yes, before or after the taxpayer files a statement?

1 Before

14 After

1 No Answer

16b. Would you recommend abatement where the taxpayer failed to file the statement you requested, even though you subsequently determined that a reappraisable change in ownership did not occur?

21 No

14 Yes

16c. What percentage of the penalties are abated by the Board of Supervisors?

Four counties reported that 98 to 100% of penalties are abated by the Board of Supervisors. 27 counties reported that less than 15% of the penalties are abated by the Board of Supervisors. In four counties, the assessor is authorized to abate the penalties.

17. Government Code section 27297.6 provides that the Los Angeles County Recorder may require, as a condition of recording, that the legal description on a recorded deed include the Assessor's Parcel Number. Are parcel numbers listed on recorded deeds in your county?

36 Yes

4 No

2 Sometimes

If no, would it help? Of the four counties that indicated that parcel numbers are not listed on recorded deeds, all four indicated that it would be helpful. Four counties commented that parcel numbers are often incorrect.

- ◆ Often parcel numbers listed on deed are incorrect. Many times one parcel number is listed when multiple parcels are involved. Parcel numbers definitely help expedite the process. It would be very helpful if this Government Code applied to all county recorders statewide
- ◆ Yes it would be helpful as long as it is noted "A portion of parcel...when only a portion has transferred"
- ◆ It would be great if it could be made mandatory for recording
- ◆ Would not be helpful; our office identifies the parcel number by verification of the legal description
- ◆ We do not require it; we do require a full and accurate legal description
- ◆ It would be helpful if a standard format for common documents (e.g., Grant Deed, Quitclaim Deed, were created statewide, to provide for easier Optical Character Recognition reading of documents

NEW CONSTRUCTION

18. *Does your county have a self-reporting program for new construction?*

15 No

27 Yes

If yes, please provide a copy of any forms and describe its parameters? [See Appendix 4.]

- ◆ Mails out questionnaires on all residential new construction additions and major alterations, including swimming pools, out buildings, additions and remodels. For new homes, they mail out a more detailed cost questionnaire
- ◆ Sent to property owners based on value reported on permit. Value must be less than \$50,000 to be subject to self reporting
- ◆ Property Owner's Statement on New Construction requests property owners to report the costs, detail, and a sketch of new construction for permits below \$80,000 in value. This work is usually limited to residential pools, patios, remodels, and room additions
- ◆ Sends construction cost questionnaire when permit is added to work file

19. *How does your county determine if construction is assessable new construction?*

- ◆ Field inspections (21)
 - Direct contact with property owners, contractors and building officials (3)
- ◆ Permits screened to eliminate obvious non-assessable events such as repair and maintenance (12)
- ◆ Review building plans (4)
- ◆ Review of new construction questionnaire (3)
- ◆ Business property statements. (2)
- ◆ Additional square footage (2)
- ◆ Equivalent of new is assessable new construction. (2)
- ◆ New improvements added
- ◆ A 1½ class increase

- ◆ Review cost, value added, minimum value and replacement considerations (2)
- ◆ Final inspection notice completions
- ◆ We use guidelines on what types of permits need to be reviewed. The Building Permit Processing Manual is revised annually by Appraisal managers
- ◆ Revenue and Taxation Code (sections 70-74.6), Property Tax Rules 463-463.5, LTAs (6)
- ◆ Thorough and careful analysis

20. *How does your county determine if physical alteration of an improvement converts it to the "substantial equivalent of new"? Please include any guidelines or thresholds that you use.*

- ◆ Field inspection and appraiser judgment. (11)
- ◆ 80% rule—improvements must be physically altered to a point where the new value is at least 80% of the value of a comparable new improvements (9)
 - September 1985 Special Topic Survey "The Assessment of Newly Constructed Property and Property Under Construction" (2)
 - Fall 1982 Assessment Practices Survey of Sacramento County
 - Based upon the appropriate cost manual Depreciation – Normal %
- ◆ If the value of an improvements is brought up to at least 90% of that of a comparable new improvement and is at least 20% greater in value than before, we consider the improvement the substantial equivalent of new. Also, a remodel should increase utility and/or quality, not just replace with like kind
- ◆ Substantially new improvements are when the replaced portion approaches 80 to 90% new, e.g., a SFR is taken down to the studs and rebuilt. 85% of the structure is new, therefore this is substantially equivalent to new
- ◆ If the cost of the alteration is equal to or greater than 75% of the cost of new construction. We also take into consideration the curing of physical and functional obsolescence. We try to be conservative in the application of this guideline and not appraise remodeling. On commercial properties we also consider if the alteration results in a change in use or increases the income potential
- ◆ 75% or more of the building is rebuilt
- ◆ If property is taken down to 50% or lower complete and then back up, it is reassessable.
- ◆ Percent Good table or form (2)
- ◆ If a structure, or portion (e. g., a kitchen), is torn down to the studs and rebuilt with all new components. (4)
- ◆ Alteration is a change in use (2)
- ◆ Uninhabitable at time of sale—substantial rehabilitation (2)
- ◆ Walton letter to Madera County 8/4/86 "It may be argued that the rebuilding is nothing more than the replacement of a termite-damaged section with a new section (e.g., floor for floor, wall for wall, or roof for roof) and is basically maintenance and repair. However, this argument would carry the normal understanding of the terms 'repair and maintenance' beyond reason."
- ◆ Major renovation (down to studs) or major repairs (siding, roof, interior walls, flooring, windows – could include cabinets and fixtures, plumbing, wiring)
- ◆ We pick up all kitchen and bath remodels

- ◆ If improvements result in a potential buyer assuming structure is new or remodeled as good or better than new
- ◆ Did it extend the life of the whole?
- ◆ Each property is examined on a case by case basis
- ◆ R&T Code, LTAs, Property Tax Rules, AH 501 and AH 502
- ◆ R&T Code so (too?) vague that we give the taxpayer the benefit of the doubt. A structure has to be essentially totally removed and rebuilt as new to be reappraised

21. *Please indicate by percentage how new construction is discovered?*

89 % Building permit ("reported" new construction)

5 % Business property statement ("reported" new construction)

2 % Audit ("unreported" new construction)

1 % Aerial maps ("unreported" new construction)

1 % Neighborhood canvass ("unreported" new construction)

2 % Other (please specify)

- ◆ Field visit (12 counties)
- ◆ Neighboring property owners (6 counties)
- ◆ Code enforcement inquiries (2 counties)
- ◆ Agricultural crop & lease questionnaires
- ◆ Appraiser's knowledge & familiarity
- ◆ Multiple Listing Service
- ◆ Newspapers
- ◆ Self-reporting by property owner

22. *How often does your county discover unreported new construction (i.e., no building permits or not reported on business property statement) where it was completed more than four years prior to discovery and, thus, your county cannot issue escape assessments for some years because of the statute of limitations?*

All counties, except for one, responded that this occurs occasionally.

25 Occasionally/rarely/not often/very seldom

5 Less than 10 times per year

3 10 – 15 times per year

3 Less than 1%

2 5%

4 No Answer

Comment:

- ◆ Discovered in connection with sale or transfer (3)
- ◆ Discovered in connection with other new construction (1)

- ◆ Discovered primarily while inspecting large agricultural/rural properties with agricultural-exempt permit out buildings
- ◆ Mostly in rural areas

23. *Section 72 requires copies of building permits be transmitted to the county assessor. How well is this statute being followed? Does your county still have a problem receiving permits?*

- ◆ Good; seldom have a problem (31)
- ◆ Small towns with less sophisticated reporting systems or lack of automation have difficulties in complying (6)
- ◆ Timeliness continues to be a problem (5)
- ◆ Reporting is inconsistent and problems persist (3)
- ◆ Some cities still have to be called to remind them to send in their report monthly
- ◆ Some cities still fail to send miscellaneous permits
- ◆ Missing information is typical on permits or facsimiles
- ◆ Re section 72(c), we experience major problems gaining compliance in obtaining scale copies of plans to accompany building permits. We must constantly remind the various building jurisdictions and our staff typically must personally retrieve whatever plans or sketches are made available and match them to plans already transmitted
- ◆ Computer program upgrades often result in delayed reporting
- ◆ Cities with new automated systems are often incompatible with county mainframe system causing major problems obtaining and/or converting available plan information
- ◆ Occasional problems caused by personnel changes or heavy volume of activity
- ◆ We receive monthly summary sheets from county and city public work departments (2)
- ◆ We receive copies weekly
- ◆ We check permit number sequence to assure compliance from county and city
- ◆ Permits provided electronically
- ◆ One county engineering department allows assessor on-line tracking abilities with report-generating capability
- ◆ Each new incorporated city within the county creates a new set of problems that have to be worked out

24. *Does your county receive building permits electronically?*

25 No

12 Yes

5 Some

If yes, does this make your job easier? Please comment.

- ◆ Saves data entry/keying (3)
- ◆ They expedite the process by reducing the handling of the hardcopies (2)
- ◆ More legible
- ◆ Very convenient
- ◆ Makes the processing easier

- ◆ Reduces demands upon support staff
- ◆ Program is written to load files in our format
- ◆ Final dates are available electronically in some instances
- ◆ Makes us vulnerable to computer-related problems and delays
- ◆ Incompatible electronic systems have caused major problems for office to obtain the requirements
- ◆ Much pertinent data and information is often omitted
- ◆ Still need hard copy backup on occasion

25. *How does your county identify whether new construction is subject to a specific exclusion?*

- ◆ Building permits and plans (12)
- ◆ Field inspection (11)
- ◆ Property owner contact/inquiry (10)
- ◆ If a form is filed (4)
- ◆ CIOS
- ◆ Information from planning departments
- ◆ Recorded maps
- ◆ Thorough and careful analysis by certified staff
- ◆ When it can be determined in the appraisal process

Do you mail forms if an exclusion may apply?

- ◆ Mail forms (27)
- ◆ If notified/requested by taxpayer (8)
- ◆ Do not mail forms (2)
- ◆ We also have public notices and press releases for various exclusions
- ◆ Forms are also available at city planning/building departments

26. *Do taxpayers fail to qualify for new construction exclusions because they are unaware of filing deadlines?*

12 No

28 Yes

2 Unknown

Comment:

- ◆ Very few (6)
- ◆ If they miss, it is because they are unaware of exclusion
- ◆ Does not appear to be a major issue
- ◆ A few customers complain they didn't know of an exclusion
- ◆ Even though we put out public notices, not everyone that needs to see the information sees it or understands what they need to do
- ◆ Not aware of many; maybe occasional deadlines are missed. Some owners don't apply even when aware of filing requirements

- ◆ Some owners don't apply when they are aware of an exclusion
- ◆ New contractors and others are not aware of builder's exclusion
- ◆ New builders don't notice form at Building Department and don't read builders' newsletters

26a. Are some of these for the "builder's exclusion" in section 75.12?

- 7 No
- 32 Yes
- 2 No Answer

26b. How do you notify the public of the builder's exclusion?

- ◆ Direct contact with contractors by field appraisers (14)
 - Contact by builder after receipt of supplemental bill
- ◆ Web site (8)
- ◆ Forms are available at various permit issuing agencies (8)
 - Building Department makes inquiry at time of permit application (2)
- ◆ Information at counter (6)
- ◆ Brochure (6)
- ◆ Direct mail (6)
 - Mail form as part of the initial process of the split and mapping of new subdivisions (3)
 - Mail form with subdivision development cost letter
 - Provide information and forms upon request (2)
 - Send information to "Builders Exchange" (2)
- ◆ Media/builders' newsletters (5)
- ◆ Public speaking engagements (5)
- ◆ County fair
- ◆ We don't (3)
- ◆ We expect the building industry to do this; it would be very rare for new construction to qualify in our county

27. Does your county enroll "negative supplemental assessments" under section 75.10 for the removal of a structure (or portion thereof) from land?

- 3 No
- 39 Yes

- ◆ Processes a negative supplemental assessment only if removal is a stand-alone activity. If the removal is part of ongoing new construction, we do not process a negative supplemental
- ◆ Does not enroll a supplemental assessment when a portion of a structure is removed

28. *How does your county appraise construction in progress on the lien date?*

- ◆ Cost with verified percent complete on lien date (10)
- ◆ Fair market value appraisal as if complete and multiply by percentage of the stage of construction (9)
- ◆ Percentage of new construction completed on the lien date (8)
- ◆ Cost (6)
- ◆ Percent complete, based on either estimated/budgeted cost or building permit amount or from business property statements (4)
- ◆ Percent complete using SBE cost manuals (3)
- ◆ Field inspection (3)
- ◆ Market value of progressing construction (3)
- ◆ Estimate with owners percent complete, questionnaires (2)
- ◆ Field check all outstanding permits to determine their stage of completion (2)
- ◆ Use the SBE guidelines on the stages
- ◆ Estimate of the percent complete applied to the RCN, historic or estimated "value added" of the new construction
- ◆ Estimate value by use of a lien date chart developed from cost tables and local costs

29. *How does your county assess new construction to the common area of a planned development?*

- ◆ Assessment of common area is prorated among the units within the development (19)
- ◆ Allocating the value of the common area to the parcels served by the common area (7)
- ◆ No value to common area (5)
- ◆ Depending on ownership of common area, could be allocated to each unit in development or assessed to homeowner's association (3)
- ◆ New construction is assessed to the developer until it is out of their ownership and transferred to the homeowners association. Then the value is zeroed out and allocated to the various lots as part of the purchase price
- ◆ If irrevocably dedicated to a property owners' association, we assess with and to the individual property owner
- ◆ Need definition of planned development

30. *How does your county identify the date of completion of new construction?*

- ◆ Final date/certificate of occupancy/list of final inspections/notice of completion from permit issuing agency/building department (38)
 - Electronic update
- ◆ Field inspection (30)
- ◆ Information from property owner (26)
- ◆ New Construction Questionnaire/Statement, taxpayer reporting (7)
 - Date capitalized by taxpayer
 - Business property statements
- ◆ Recorded notice of completion (4)
- ◆ Date the property is ready for occupancy or for intended purpose (3)

- ◆ Information from contractor (2)
- ◆ News items
- ◆ Electric service tag

31. *If your county does not have a section 170 disaster relief ordinance, how do you treat damage or destruction caused by a disaster?*

- ◆ No ordinance (3)
- ◆ Section 170 ordinance for Governor-declared disasters only
- ◆ By incident-specific ordinances
- ◆ We remove value in proportion to the damaged portion of the property
- ◆ We use a form to determine percent destroyed

32. *What does your county consider "timely reconstruction" under section 70(c)?*

- ◆ No specific time period (10)
- ◆ 3 years (4) (one county referenced section 69)
- ◆ Started within two years (3)
- ◆ Reconstruction that begins within one year of the disaster (2)
- ◆ 1-3 years
- ◆ 4 years
- ◆ Reasonable time period (2)
- ◆ Prior to change in ownership (2)
- ◆ Depends on circumstances—up to three years in a couple of cases due to insurance company investigations prior to paying
- ◆ Many years depending on regulatory requirements
- ◆ If sold in damaged condition, future repairs may be considered new construction – case by case determination
- ◆ Determine whether there is intent and extenuating circumstances on a case by case basis
- ◆ Size, complexity and comparison to other local construction projects
- ◆ On-going activity, progress after calamity
- ◆ Insurance settlement date
- ◆ Would apply liberally, particularly given insurance problems
- ◆ Reasonable effort to rebuild depending on financial resources
- ◆ This has never come up as an issue before. If it did, we would likely be quite liberal in our interpretation of "timely" to give ample opportunity to the taxpayer to initiate reconstruction
- ◆ Excellent question—we would greatly appreciate State Board's definition of "timely reconstruction" to encourage uniformity throughout the state

33. *How does your county determine if a property is "substantially equivalent" under section 70(c)?*

- ◆ Field inspection/ Appraiser judgment (13)
- ◆ Square footage (7)

- ◆ Similar size, use, and quality—Rule 463(f)(3) (5)
- ◆ Same class (4)
- ◆ Additional square footage assessed as new construction (4)
- ◆ Comparative area (4)
- ◆ Similar size, utility, function and quality (2)
- ◆ Duplicate of destroyed structure
- ◆ Size and amenities
- ◆ Primarily size; new features such as baths, garages, etc. that were not in original are added to old base value
- ◆ Same size and quality; if prior improvement was below code, allow minimum code replacement
- ◆ Class and utility
- ◆ Same quality class +1
- ◆ Same square footage + 5%
- ◆ 80%
- ◆ Follow section 69
- ◆ 6/24/92 SBE letter—reasonable mind determines that the properties are about or materially equal in value—subjective judgment

34. *How does your county track the 15-year new construction exclusion for unreinforced masonry bearing wall construction improvements (section 70(d))?*

- ◆ We do not track it (13)
- ◆ It is flagged in our computer system (3)
- ◆ A "dated" computer trigger is placed on the APN
- ◆ Currently the exclusion is tracked on the property record. In the new computer system, the exclusion is tracked by the program
- ◆ Information contained in individual appraisal records
- ◆ Flag record for review in our progressing construction
- ◆ Property is flagged for annual review
- ◆ Files are kept in a word to do area
- ◆ A listing is maintained identifying the parcel, cost of construction, and new construction completion date
- ◆ Properties usually sell within the 15 year period. Otherwise we rely on the staff to remember
- ◆ Some new construction may have been excluded in the distant past but no certificate of compliance has been issued by building departments
- ◆ We don't have any and we probably wouldn't track since this will mainly be repair and maintenance and not subject to reassessment
- ◆ Procedure under development

35. *Does your county consider the remediation of mold contamination assessable new construction?*

25 No

2 Yes

11 Depends on situation

4 No answer

Comment:

- ◆ Reviewed on a case-by-case basis (11)
- ◆ If we reduced the value of the property because of condition under Proposition 8, we would restore the base year value after the remediation was complete (6)
- ◆ If a property sold/transferred in a contaminated condition and that condition was reflected in the value set for that sale/transfer, the remediation of the condition would be considered new construction (5)
- ◆ We do not consider remediation new construction most of the time. This can be a tricky question. If we took value off for a cost to cure because of the mold, we would then add value when it is repaired
- ◆ The appraiser must ask the question: "Did the remediation of this mold make this 1500 square foot house worth \$25,000 more than the same house next door without mold?" Only if the answer is "Yes." could the appraiser add value
- ◆ Any improvements or equipment added to the property to prevent or monitor the mold should be assessed at fair market value on each subsequent lien date
- ◆ If the property were converted from uninhabitable/unusable to habitable/usable, we would consider adding for new construction

36. *Does your county consider the remediation of contaminated property assessable new construction?*

17 No

10 Yes

15 Depends on situation

Comment:

- ◆ Reviewed on a case-by-case basis (15)
- ◆ If we reduced the value of the property because of condition under Proposition 8, we would restore the base year value after the remediation was complete (10)
 - We reduce the assessed value of the contaminated property to zero during the period of time it is contaminated. When the property is cleaned up, the factored base year value is restored
- ◆ If a property sold/transferred in a contaminated condition and that condition was reflected in the value set for that sale/transfer, the remediation of the condition would be considered new construction (9)
 - If the property was purchased in a contaminated state, we would then add value each year until it was clean. This value would never exceed its market value as clean
- ◆ Depends on extent and type of remediation (2)
- ◆ Add value if we are aware that a prior condition has now been effectively remedied
- ◆ Upgrades to reduce future contamination are considered to be new construction
- ◆ Any improvements or equipment added to the property to prevent or monitor the contamination should be assessed at fair market value on each subsequent lien date

- ◆ If the property were converted from uninhabitable/unusable to habitable/usable, we would consider adding for new construction

37. Does your county charge a fee for filing or processing any type of new construction exclusion?

42 No

0 Yes

If yes, please identify the exclusion and describe the fee structure: None

ORDINANCES/RESOLUTIONS²

38. Does your county have an ordinance implementing the grapevine base year value transfer provisions of subdivision (b) of section 53 (removal because of phylloxera infestation/Pierce's Disease³)?

53 No

5 Yes If yes, what is the effective date?

COUNTY	EFFECTIVE DATE
Amador	2001
El Dorado	January 28, 2003
Lake	February 1, 1994
Napa	Not indicated
Riverside	December 9, 1999

What is the sunset date? None of the counties indicated a sunset date.

39. Does your county have an ordinance implementing the intercounty base year value transfer provisions of section 69.3 (disaster relief)?

48 No

8 Yes If yes, what is the effective date?

COUNTY	EFFECTIVE DATE
Contra Costa	September 15, 1994
Los Angeles	January 28, 2003
Modoc	1994
San Francisco	Not indicated
Santa Clara	Not indicated
Solano	December 6, 1994
Sutter	May 20, 1997
Ventura	December 13, 2001

What is the sunset date? None of the counties indicated a sunset date.

² This information may be released to the public.
³ See Letters To Assessors No. 97/65 and No. 2000/092.

40. Does your county have a resolution authorizing intercounty base year value transfer provisions of section 2(i) of article XIII A of the California Constitution (contaminated property, implemented by Revenue and Taxation Code section 69.4)?

58 No

0 Yes

41. Does your county have an ordinance implementing the intercounty base year value transfer provisions of section 69.5 (over 55/disabled persons)?

49 No

9 Yes *If yes, what is the effective date?*

COUNTY	EFFECTIVE DATE
Alameda	July 13, 1989
Kern	1989
Los Angeles	June 6, 1990
Modoc	July 5, 1989
Orange	November 9, 1988
San Diego	1988
San Mateo	January 17, 1989
Santa Clara	November 1988
Ventura	June 6, 1990

What is the sunset date? None of the counties indicated a sunset date

42. Does your county have a disaster relief ordinance pursuant to section 170?

1 No (Fresno County)

57 Yes

43. If your county has a section 170 ordinance, is it limited to Governor-declared disasters?

56 No

1 Yes (Contra Costa County)

44. Keeping your taxpayers informed about exclusions that have been in effect for awhile is a difficult task. How do you educate the public about what change in ownership or new construction exclusions are available?

- ◆ Brochures/pamphlets (19)
- ◆ Information on Web site (13)
- ◆ Public speaking engagements (13)
 - County fair
 - Wall at front of office to post new information

- Forms available at permit issuing agencies
- Mail homeowners exemption claim with Notice of Supplemental Assessment on residential property transfers
- ◆ Direct mail (5)
 - Forums with title companies, law industry, builders exchange, business alliance (8)
 - Staff attend neighborhood association meetings
 - Taxpayer workshops
- ◆ Personal contact with property owners (5)
- ◆ Newspaper (5)
 - Press releases (4)
 - Local cable TV
 - Radio presentations/interviews (2)
- ◆ Attorneys, title company, and realtors inform potential buyers
- ◆ Taxpayer inquiry (2)

45. Additional comments or other problem areas not covered by these questions:

- ◆ Application of RTC 75.54 across parcel splits and combines, stop dates of proration
- ◆ Attorneys sometimes misinform their clients about change in ownership, especially when a trust is involved. People tell us that their attorney told them that there was no change in ownership until a deed recorded out of the trust to the beneficiaries. They don't seem to know that the date of death is the change in ownership date
- ◆ Some attorneys and paralegal offices use computer generated PCOR's that either leave out certain questions or are an obsolete revision
- ◆ Recorder refuses to provide death list

APPENDIX 3: ADDENDUM TO CHANGE IN OWNERSHIP STATEMENTS

We asked assessors if they send an addendum to the Preliminary Change of Ownership Report or the Change in Ownership Statement requesting income and expense information. If so, we asked for copies. Here are examples of requests for income and expense information that were submitted by assessors.

Curtis County

{Date}

«Name»

«DBA_or_co»

«Street»

«City_State_Zip»

Dear Property Owner:

Our records indicate that you have recently acquired the property described as follows:

A.P.N. «APN» «Situs»

Constitutional amendments and current California laws require the Assessor to reassess property at the "time of transfer". Thank you for completing the Preliminary Change of Ownership Report. Income properties, however, require additional information for us to establish a market value for your property at the time of transfer. **PLEASE COMPLETE AND RETURN THIS FORM TO OUR OFFICE WITHIN FIFTEEN DAYS FROM THE DATE RECEIVED.** Section 408 of the California Revenue and Taxation Code provides that information you provide on this form will be held confidential, and not be open to public inspection.

If you need assistance, please call XXX-XXXX and ask for the Commercial Division.

Respectfully,

Assessor

Curtis County

CHECK BOXES, FILL-IN BLANKS, AND/OR USE REMARKS SECTION (NEXT PAGE) TO BEST DESCRIBE TRANSACTION

PURCHASE DATA Date: _____ Price: _____

Purchased as investment property or Owner Occupant

Real Estate Broker? (Name) _____ (Phone) _____

Terms

All Cash

Financed

Seller

Bank, S & L, etc.

Interest Rate _____%

Included in Price:

Personal Property \$ _____

Inventory \$ _____

Goodwill \$ _____

Price concessions for financing (explain on reverse in

"REMARKS")

Down payment \$ _____ Rent or Occupancy guarantees (explain on reverse in

"REMARKS")

No down payment

Trade \$ _____ Exercised Option: Date of Original Option _____

(Value)

BUILDING DATA

Condition at time of purchase _____

Cost to repair \$ _____

PLEASE COMPLETE BOTH PAGES

A.P.N. «APN» «Situs»

INCOME AND EXPENSE DATA

Income and expense figures are: (YEAR)
 Actual for _____
 Anticipated/Projected for _____

VACANCY DATA

Vacancy at time of sale _____ %
 At stabilized occupancy _____ %
 If new, time to reach stabilized occupancy _____

Income data

Net Leasable Area _____
Monthly base rent per sq. ft. _____
 Actual \$ _____
 Asking \$ _____
 (Do not include % rent, etc.)
Percentage Rent:
 _____ % over \$ _____ sales
Other Income? (explain)
 _____ \$ _____
Potential Gross Income \$ _____
 (Annual base rent if 100% occupied)

Expense Data

	Annual Cost	Paid for by (check one)	
		Owner	Tenant
Management	\$ _____	_____	_____
Maintenance (for bldg.)	\$ _____	_____	_____
Insurance (for bldg.)	\$ _____	_____	_____
Utilities	\$ _____	_____	_____
Janitorial	\$ _____	_____	_____
Property Taxes	\$ _____	_____	_____
Reserves	\$ _____	_____	_____
CAM (Common Area Maint. Exp.)	\$ _____	_____	_____
Other	\$ _____	_____	_____
TOTAL EXPENSES	\$ _____	_____	_____
NET OPERATING INCOME	\$ _____	_____	_____

Lease(s) effective date(s)

 (Or send copy of current rent roll)

Lease is: _____ **NNN(Tenant pays all expenses.)**
 _____ **Gross (Owner pays taxes, maint., & insurance)**
 _____ **Full Service (Owner also provides utilities, janitorial, etc.)**
 _____ **Other** _____

REMARKS

The Assessor's Office will review this statement for completeness and accuracy and may contact you for additional information or field inspection as required.

I declare under penalty of perjury that this statement, including any accompanying schedules and financial statements, is true, correct, and complete to the best of my knowledge and belief.

DATE: _____

SIGNATURE OF OWNER OR AGENT

Telephone number: _____ **BUS:** () _____ **HOME:** () _____

Christine County

{Date}

«Name»
«DBA_or_co»
«Street»
«City_State_Zip»

Dear Property Owner:

Our records indicate that you have recently acquired the property described as follows:
A.P.N. «APN» «Situs»

Constitutional amendments and current California laws require the Assessor to reassess property at the "time of transfer".

Thank you for completing the Preliminary Change of Ownership Report. Income properties, however, require additional information for us to establish a market value for your property at the time of transfer. **PLEASE COMPLETE AND RETURN THIS FORM TO OUR OFFICE WITHIN FIFTEEN DAYS FROM THE DATE RECEIVED.** Section 408 of the California Revenue and Taxation Code provides that information you provide on this form will be held confidential, and not be open to public inspection.

If you need assistance, please call XXX-XXXX and ask for the commercial Division.

Respectfully,

Assessor
Christine County

CHECK BOXES, FILL-IN BLANKS, AND/OR USE REMARKS SECTION (NEXT PAGE) TO BEST DESCRIBE TRANSACTION

PURCHASE DATA Date: _____ Price: _____

- Purchased as investment property or Owner Occupant
- Real Estate Broker? (Name) _____ (Phone) _____

Terms

- | | |
|--|--|
| <input type="checkbox"/> All Cash | Included in Price: |
| <input type="checkbox"/> Financed | <input type="checkbox"/> Personal Property \$ _____ |
| <input type="checkbox"/> Seller | <input type="checkbox"/> Inventory \$ _____ |
| <input type="checkbox"/> Bank, S & L, etc. | <input type="checkbox"/> Goodwill \$ _____ |
| <input type="checkbox"/> Interest Rate _____ % | <input type="checkbox"/> Price concessions for financing (explain on reverse in "REMARKS") |
| <input type="checkbox"/> Down payment \$ _____ | <input type="checkbox"/> Rent or Occupancy guarantees (explain on reverse in "REMARKS") |
| <input type="checkbox"/> No down payment | |
| <input type="checkbox"/> Trade \$ _____
(Value) | <input type="checkbox"/> Exercised Option: Date of Original Option _____ |

BUILDING DATA

Condition at time of purchase _____

Cost to repair \$ _____

PLEASE COMPLETE BOTH PAGES

A.P.N. «APN» «Situs»

RENT DATA (or attach schedule)

Type of Unit	# of Units (Including Manager's)	Actual Rent per Unit when Purchased	Anticipated Rent/Unit	Date Rent Established	Personal Property Included (e.g. Refrig.)	Utilities Paid (e.g. Elect, Gas, Water, Garbage, None)
Studio						
1Br/1 Ba.						
2 Br/1 Ba.						
2 Br/2 Ba.						
3 Br/1 Ba.						
3 Br/2 Ba.						
Other						

Anticipated Annual Operating Expense Data

Vacancy data

Vacancy at time of sale _____%

At stabilized occupancy _____%

If new, time to reach stabilized occupancy _____

Management \$ _____

Salaries \$ _____

Utilities \$ _____

Maintenance & Décor \$ _____

Repairs \$ _____

Reserves \$ _____

Insurance \$ _____

Property Taxes \$ _____

Collection \$ _____

Other _____ \$ _____

Total Expenses & Replacement

Revenues \$ _____

REMARKS

The Assessor's Office will review this statement for completeness and accuracy and may contact you for additional information or field inspection as required.

I declare under penalty of perjury that this statement, including any accompanying schedules and financial statements, is true, correct, and complete to the best of my knowledge and belief.

DATE: _____

SIGNATURE OF OWNER OR AGENT

Telephone number: _____ **BUS:** () _____ **HOME:** () _____

Christine County

COMMERCIAL / INDUSTRIAL RENTAL QUESTIONNAIRE
(Conveyance of Property Title)

ATTN:
DATE:

Situs Address:
Document No:
Recording Date:
Parcel Number:

This letter refers to the **conveyance of property title** described in the above noted document. As the property is an income-producing unit, it is necessary for us to analyze its income-producing capabilities when arriving at a value conclusion. We realize that the property may not have been in your possession for a significant period of time, however, we would appreciate any information you may have, either anticipated or historical.

This request is made under California Revenue and Taxation Code Section 441(d) which states in part: "At any time, as required by the assessor for assessment purposes, every person shall make available for examination information or records regarding his or her property." All information received will be held confidential.

1. Is this property totally owner-occupied? Yes___ No___ (If yes, complete #7 through #9 on Side 2, sign, enter your telephone number and date, and return this form. If no, complete the entire form).
2. Is this property partially owner-occupied? Yes___ No___ (If yes, how many square feet_____, or what percentage _____)?
3. Income

NAME OF BUSINESS OR TENANT	DATE LEASE NEGOTIATED	LENGTH OF LEASE	SQ. FT. AREA RENTED	RENT	
				MONTHLY	ANNUAL

Paul County

COMMERCIAL / INDUSTRIAL RENTAL QUESTIONNAIRE (Change in Controlling Interest)

Situs Address:
Parcel Number:

This letter refers to the **change in controlling interest** on the above noted property, which occurred on _____ . The State Board of Equalization has found the "change in control" to be a "change in ownership" which will require a reappraisal. As the property is an income-producing unit, it is necessary for us to analyze its income-producing capabilities when arriving at a value conclusion. We realize that the property may not have been in your possession for a significant period of time, however, we would appreciate any information you may have, either anticipated or historical.

This request is made under California Revenue and Taxation Code Section 441(d) which states in part: "At any time, as required by the assessor for assessment purposes, every person shall make available for examination information or records regarding his or her property." All information received will be held confidential.

1. Is this property totally owner-occupied? Yes___ No___ (If yes, complete #7 through #9 on Side 2, sign, enter your telephone number and date, and return this form. If no, complete the entire form).
2. Is this property partially owner-occupied? Yes___ No___ (If yes, how many square feet_____, or what percentage _____)?
3. Income

NAME OF BUSINESS OR TENANT	DATE LEASE NEGOTIATED	LENGTH OF LEASE	SQ. FT. AREA RENTED	RENT	
				MONTHLY	ANNUAL

4. What is the annual average rent? \$ _____ or % _____ over \$ _____

Is this amount included in Section #3? Yes _____ No _____

5. Annual Vacancies \$ _____ or %

Annual Collection Losses? \$ _____ or %

6. What was your anticipated annual gross income at the acquisition date? \$ _____

7.

EXPENSES FOR THE PERIOD OF _____ 20__ THROUGH _____ 20__					
TYPE	PAID BY OWNER	AMOUNT	PAID BY TENANT	AMOUNT (If known)	REMARKS
MANAGEMENT	X	\$	-----	-----	
INSURANCE		\$		\$	
EXTERIOR MAINTENANCE		\$		\$	
INTERIOR MAINTENANCE		\$		\$	
UTILITIES		\$		\$	
REAL ESTATE TAXES		\$		\$	
ASSOC. DUES		\$		\$	
		\$		\$	
		\$		\$	

8. What were your anticipated annual expenses at the acquisition date? \$ _____
(Please exclude interest paid on loans).

9. Were there any structural alterations made since your acquisition? Yes _____ No _____

Amount paid by owner? \$ _____ Amount (if known) paid by tenant? \$ _____

Please attach any additional information you feel should be called to our attention, such as a statement of the condition, listing of personal property, or any history which may be pertinent to your acquisition.

This information should be submitted within 30 days from the date of this notice. If you have any questions, please contact ZZZZZZZZZZZZZZZZZZZZZ at XXX-XXXX.

I certify under penalty of perjury, under the laws of the State of California, that the foregoing and all information herein, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief.

Signature of Owner or Agent

Telephone (8:00 a.m. – 5:00 p.m.)

Date

Type or Print Name of Owner or Agent

Title

DeLinda County

COMMERCIAL / INDUSTRIAL RENTAL QUESTIONNAIRE (Preliminary Change of Ownership Report)

Situs Address:
Document No:
Recording Date:
Parcel Number:

Our records indicate that you filed a **Preliminary Change of Ownership Report** for the above property. As the property is an income-producing unit, it is necessary for us to analyze its income-producing capabilities when arriving at a value conclusion. We realize that the property may not have been in your possession for a significant period of time, however, we would appreciate any information you may have, either anticipated or historical.

This request is made under California Revenue and Taxation Code Section 441(d) which states in part: "At any time, as required by the assessor for assessment purposes, every person shall make available for examination information or records regarding his or her property." All information received will be held confidential.

1. Is this property totally owner-occupied? Yes___ No___ (If yes, complete #7 through #9 on Side 2, sign, enter your telephone number and date, and return this form. If no, complete the entire form).
2. Is this property partially owner-occupied? Yes___ No___ (If yes, how many square feet_____, or what percentage _____)?
3. Income

NAME OF BUSINESS OR TENANT	DATE LEASE NEGOTIATED	LENGTH OF LEASE	SQ. FT. AREA RENTED	RENT	
				MONTHLY	ANNUAL

4. What is the annual average rent? \$_____ or %_ over \$_
 Is this amount included in Section #3? Yes_____ No _____

5. Annual Vacancies \$_____ or %
 Annual Collection Losses? \$_____ or %

6. What was your anticipated annual gross income at the acquisition date? \$_____

7.

EXPENSES FOR THE PERIOD OF _____ 20__ THROUGH _____ 20__					
TYPE	PAID BY OWNER	AMOUNT	PAID BY TENANT	AMOUNT (If known)	REMARKS
MANAGEMENT	X	\$	-----	-----	
INSURANCE		\$		\$	
EXTERIOR MAINTENANCE		\$		\$	
INTERIOR MAINTENANCE		\$		\$	
UTILITIES		\$		\$	
REAL ESTATE TAXES		\$		\$	
ASSOC. DUES		\$		\$	
		\$		\$	
		\$		\$	

8. What were your anticipated annual expenses at the acquisition date? \$ _____
 (Please exclude interest paid on loans).

9. Were there any structural alterations made since your acquisition? Yes_____ No_____
 Amount paid by owner? \$_____ Amount (if known) paid by tenant? \$_____

Please attach any additional information you feel should be called to our attention, such as a statement of the condition, listing of personal property, or any history which may be pertinent to your acquisition.

This information should be submitted within 30 days from the date of this notice. If you have any questions, please contact ZZZZZZZZZZZZZZZZZZZ at XXX-XXXX.

I certify under penalty of perjury, under the laws of the State of California, that the foregoing and all information herein, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief.

 Signature of Owner or Agent

 Telephone (8:00 a.m. – 5:00 p.m.)

 Date

 Type or Print Name of Owner or Agent

 Title

Curtis County

HOTEL / MOTEL QUESTIONNAIRE

DATE:
 ADDRESS:
 Document No:
 Recording Date:
 Parcel Number:

Our records indicate a change in ownership has occurred for the above referenced property. As the property is an income-producing unit, it is necessary for us to analyze its income-producing capabilities when arriving at a value conclusion. We realize that the property may not have been in your possession for a significant period of time, however, we would appreciate any information you may have, either anticipated or historical.

This request is made under California Revenue and Taxation Code Section 441(d) which states in part: "At any time, as required by the assessor for assessment purposes, every person shall make available for examination information or records regarding his or her property." All information received will be held confidential.

1. Number of rooms available: _____
2. Overall average daily rate per room if known: _____ Percent occupancy: _____
 If unknown, please complete the chart below to the best of your ability.

Is this information Anticipated or Actual? (Circle one)

SEASON HIGH SEASON/LOW SEASON	AVERAGE ROOM RATE		# OF MONTHS IN THE SEASON	AVERAGE % VACANCY
	WEEKDAY	WEEKEND		
TOTAL	-----		12	-----

3. What was the condition of the property when you acquired it? _____

4. Was there any excess property associated with this sale? Yes _____ No _____
5. Have there been any alterations, repairs, remodeling, or additions made since your acquisition?
 Yes _____ No _____
 Is yes, please explain: _____
6. Gross income for the previous fiscal period, if available: \$ _____
 Dates of fiscal period reported _____ to _____
7. Additional income from sources other than room rents: (i.e., vending, merchandise, service)

8. What is your anticipated Gross Income? \$ _____

9. Operating Expenses: Actual or Anticipated? (Circle One)
 (If you have a current income statement, please attach to this form and skip this question)

Salaries and Wages	\$	Advertising	\$
Telephone	\$	Insurance	\$
Cleaning and Supplies	\$	Payroll Taxes	\$
Laundry	\$	Worker's Comp.	\$
Office Supplies	\$	Property Taxes	\$
Legal Fees	\$	Affiliation Fees	\$
Other Expenses (Please describe)			
Remarks:			

10. Capital Expenses:
 Furniture & Fixture replacement _____
 Linen and Glassware replacement _____
 Other (Please describe) _____

11. Please indicate the value of personal property included in your acquisition: \$ _____
 (Attach a list, e.g., office/room furnishings, telephone systems, vending, housekeeping)

12. Are you affiliated with a major motel chain or reservation service? Yes _____ No _____
 If yes, which one? _____

13. Do you have restaurant facilities? Yes _____ No _____
 If yes, is the restaurant leased out? Yes _____ No _____
 Date that lease was negotiated: _____
 Rent per month: \$ _____ Are the terms Triple Net? Yes _____ No _____

For your acquisition, did you have a proforma statement or property appraisal of this property. If yes, please attach these documents and any additional information you feel should be called to our attention, such as a statement of the condition, listing of personal property (Item #11), or any history which may be pertinent to your acquisition. The information should be submitted within 30 days from the date of this notice. If you have any questions, please contact ZZZZZZZZZZZZ at XXX-XXXX.

I certify under penalty of perjury, under the laws of the State of California, that the foregoing and all information herein, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief.

 Signature of Owner or Agent

 Telephone (8:00 a.m. – 5:00 p.m.)

 Date

 Type or Print Name of Owner or Agent

 Title

Paul County

TRANSFER DATE: _____
RECORDER'S DEED NO: _____
DATE RECORDED: _____
APN: _____

LOCATION:

Dear Property Owner:

The assessor's office is appraising the transferred property interest you acquired on the above date. To assure you a fair and equitable appraisal, please provide the following information.

1. The purchase price: \$ _____
2. A breakdown of all units, number of those units, and current rents for those units. Include manager's and other employee units at full market rent. Please indicate clearly the total leasable square footage per unit type. Indicate the annual vacancy rate.
3. 2003 current scheduled monthly income. Indicate if rent includes water, garbage, gas, and electricity for the units.
4. 2003 calendar year actual or anticipated income and expense or the income and expense information you used to determine the value of the property. Include other income from the property (laundry, vending machines, etc.). DO NOT include mortgage or amortization payments.
5. Please provide a copy of the appraisal and/or proforma associated with this transfer.

This information is requested pursuant to the California Revenue and Taxation Code, Article 2, Section 441(d), a portion of which states: "At any time, as required by the assessor ... every person shall make available ... rental income and other data relevant to the determination of an estimate of value."

If needed, please use the income and expense form on the reverse side to prepare this report. This information is considered confidential and is treated as prescribed by the California Revenue and Taxation Code. If you have any questions, please call the appraiser below at XXX-XXXX.

Please provide this information within 30 days.

APN: _____ LOCATION: _____

2003 ANNUAL EXPENSES—Please indicate: Actual [] or Projected []

1. UTILITIES: Gas \$ _____ Electricity \$ _____
 Water \$ _____ Garbage \$ _____ **TOTAL: \$** _____
 Units Separately Metered: Yes _____ No _____
2. INSURANCE: \$ _____ PROPERTY TAXES: \$ _____ **TOTAL: \$** _____
3. MANAGEMENT: Administration, On-site \$ _____ Off-Site \$ _____
 Workmans Comp. \$ _____ Advertising \$ _____
 Security \$ _____ Licenses \$ _____
 Bookkeeping \$ _____ Legal Costs \$ _____
 Commissions \$ _____ Other \$ _____ **TOTAL: \$** _____
4. MAINTENANCE: Janitorial \$ _____ Pool \$ _____
 Groundskeeping \$ _____ Other \$ _____ **TOTAL: \$** _____
5. REPAIRS: (Includes painting, electrical, plumbing, repair of appliances, pool, building, etc.) **TOTAL: \$** _____
6. REPLACEMENT OR REMODEL: (Different than repairs)
 Replacement of Appliances \$ _____ HVAC \$ _____
 Replacement of Roof \$ _____ Elevator \$ _____
 Remodel of Units \$ _____ Etc. \$ _____ **TOTAL: \$** _____

ANNUAL INCOME

1. Show a breakdown of all units, as if 100% occupied and unfurnished. Include managers and other employee units at full market rent.

_____ Studio	_____ Bath	_____ sq. ft.	@	\$ _____	unit/month
_____ 1 Bed	_____ Bath	_____ sq. ft.	@	\$ _____	unit/month
_____ 2 Bed	_____ Bath	_____ sq. ft.	@	\$ _____	unit/month
_____ 3 Bed	_____ Bath	_____ sq. ft.	@	\$ _____	unit/month

2. Other Income (laundry, vending machines, etc.) \$ _____
3. Number of below-market rental units? _____ How is rent determined? _____
4. Does the rent include? Water _____ Electricity _____ Gas _____
 Garbage _____ Garage _____ Parking _____
5. Average yearly vacancy rate? _____
6. Number of furnished units? _____
7. Any comments you feel are pertinent to describing the income and expense profile of your property: _____

Signature _____ Print Name _____ Date _____

Owner/Manager

Address: _____

Daytime Telephone _____ Fax Number _____

Curtis County

{Address}

Dear Sir or Madam:

Our records show that you have recently acquired commercial property located at _____.
Under the provisions of Proposition 13, this property must be appraised as of the date of transfer.

In order for us to arrive at a fair and equitable value of your property, we need the information requested on the attached form. The prior year's operating statement (if available) should be submitted along with the information requested on the reverse of this letter. An inspection of the property may occur in order to determine the condition of the property and to update our building records.

This information is requested in accordance with Sections 441(d), 451 and 461 of the California Revenue and Taxation Code. All information submitted by you will be held confidential.

Please return the information **within 14 days** of this notice.

Should you have any questions regarding this questionnaire, please call our office at the above number.

Sincerely,

**Assessor
CURTIS COUNTY**

**Curtis County Assessor's Office
Income & Expense Questionnaire**

Parcel No: _____
Month of Sale: _____
Date Mailed: _____

Estimated Annual Gross Income if 100% Occupied as of This Date: \$ _____

NAME OF TENANT AND ADDRESS (INCLUDE OWNER OCCUPIED & VACANT AREAS)	LEASE DATA		\$ PER MONTH	\$ PER SQ FT
	LENGTH/ START DATE	OPTIONS		
<i>Example: Tom's Auto Repair, 333 West Street</i>	<i>3 yrs/01-99</i>		<i>\$1,200</i>	<i>\$.75</i>
INCOME FOR 20 _____				
TOTAL BASE INCOME			\$	
TOTAL PERCENTAGE INCOME			\$	
TOTAL OTHER INCOME			\$	
TAXES REIMBURSED BY TENANTS			\$	
TOTAL ALL INCOME			\$	
OWNER' EXPENSE SCHEDULE FOR 20 _____				
MANAGEMENT			\$	
BUILDING INSURANCE PER YEAR			\$	
REPAIRS AND MAINTENANCE			\$	
JANITORIAL (PAID BY OWNER)			\$	
UTILITIES (PAID BY OWNER)			\$	
TAXES (PAID BY OWNER)			\$	
ITEMIZE OTHER OWNER EXPENSES			\$	
			\$	
			\$	
TOTAL EXPENSES			\$	
REMARKS (ATTACH ADDITIONAL SHEET IF NEEDED):				

I certify that the information herein is true and correct to the best of my knowledge and belief.

Print Name

Title (owner, agent)

Date

Signature

Day Time Phone Number

Christine County

TRANSFER – 342a

Taxpayer Name
Company
Address
City, CA Zip Code

Dear Sir or Madam:

Subject: Assessors' Parcel Number(s) _____
Situs _____

Under current property tax law, the Assessor must establish the market value of the subject property for the _____, 2003 change of ownership. To assist me with this task, I am requesting the following information:

1. Income and expense history, if available, for the past two years.
2. Rent roll (current and at time of sale) including commencement date and term of leases, net leasable area, CAM charges, and a breakdown of expenses paid by landlord and by tenant. I have enclosed a two-side Rental Income and Expense Questionnaire to assist in this process.
3. Any analysis/appraisal or other data used to establish the purchase price.
4. Telephone/fax numbers of person(s) to contact for additional information.

I appreciate your cooperation in providing this information. If you have any questions, please call me at (XXX) XXX-XXXX or fax me at (XXX) XXX-XXXX.

Very truly yours,

Appraiser

Enclosure(s)

TRANSFER – 342b

Taxpayer Name
Company
Address
City, CA Zip Code

Dear Sir or Madam:

Subject: Assessors' Parcel Number(s) _____
Situs _____

Under current property tax law, the Assessor must establish the market value of the subject property for the _____, 2003 change of ownership. To assist me with this task, I am requesting the following information:

- 1. Income and expense history, if available, for the past two years.
- 2. Rent roll (current and at time of sale) including commencement date and term of leases, net leasable area, CAM charges, and a breakdown of expenses paid by landlord and by tenant. I have enclosed a two-side Rental Income and Expense Questionnaire to assist in this process.
- 3. Any analysis/appraisal or other data used to establish the purchase price.
- 4. Documentation supporting the basis for allocation of the purchase price among land, improvements, trade fixtures, and personal property (e.g., escrow statement, fixed asset schedule).
- 4. Telephone/fax numbers of person(s) to contact for additional information.

I appreciate your cooperation in providing this information. If you have any questions, please call me at (XXX) XXX-XXXX or fax me at (XXX) XXX-XXXX.

Very truly yours,

Appraiser

Enclosure(s)

CHRISTINE COUNTY ASSESSOR
 Rental Income and Expense Questionnaire
 Commercial and Industrial Properties

Cluster _____
 Site Use Code _____
 Assessor Parcel Number _____
 Situs Address _____

A. Please provide the following information for each rental unit.

LEASE / RENTAL INFORMATION								
	EXAMPLE							
Street Address and Unit/Bldg. Description	<i>111 Street Dr. Bldg. A</i>							
Tenant / Business Name	<i>Bad Food Restaurant</i>							
Type of Use (retail, office, industrial, restaurant, etc.)	<i>Restaurant</i>							
Leased Area (Square feet)	<i>5000</i>							
Lease Term / Option (month-to-month, 1 year, 5 years, etc.)	<i>10 Yrs. w / (1) 5 yr. Option</i>							
Date Lease Started	<i>12/2000</i>							
Date Current Rent Established	<i>12/2001</i>							
Current Base Monthly Rent	<i>7650</i>							
Step-up Rent Clause Date(s) and Amount(s)	<i>Annual CPI 3% Cap</i>							
Percentage Rent Clause Break Point / %	<i>1 Million/5%</i>							
Did you provide a rental incentive such as free rent, graduated rents, etc., to any tenant? Please describe.	<i>Yes – 3 Mos. Free First Year</i>							
Other Monthly Income Common area (CAM) charges, reimbursement for utilities)	<i>.25/SF CAM</i>							
If rent includes other than basic building shell, list item (s).	<i>None</i>							
Who paid for installation of interior finish items (interior partitions, floor covering, heating, air conditioning, ceiling, etc.) – Owner, Tenant, or Both?	<i>100000 TI Allowance From LL</i>							
% (or amount) property taxes paid by tenant	<i>Prorata based on sq. feet</i>							
% (or amount) property taxes paid by landlord.	<i>None</i>							

B. Please list the owner's current **annual property expenses**. Explain any extraordinary or unusual expense items in the Remarks Section. Do not include depreciation, mortgage payments, or interest expense.

Expense Information	Gross	Less: Tenant Reimbursement	Net
Building Maintenance			
Insurance			
Property Taxes			
Utilities			
Grounds or Common Area			
Administration or Management			
Legal and Accounting			
Janitorial and Security			
Lease Commissions			
Reserves for Replacement			
Other (Itemize)			

C. Do above expenses include reserves for replacement of short-lived items? Yes _____ No _____
 If yes, please indicate item(s) and amount(s) _____

D. If any expense category is exceptionally high, please explain. _____

E. Please state the average annual vacancy percentage experienced over the last three years: _____%

F. Please state other special conditions or items, such as parking restrictions, nuisance factors, condition of building, economic changes in area, etc., that you believe have a bearing on the property value. _____

 Signature () Daytime Telephone Number _____ Date _____
 Fax # () _____
 Cell # () _____

Paul County

{Date}

INCOME LETTER
RECORDER'S DEED NO.: _____

DATE RECORDED: _____
APN: _____

LOCATION: _____

Dear Property Owner:

Our records indicate a transfer of title has occurred on the above mentioned property. In order to assure you of a fair assessment, we are requesting that you provide us with the following information:

1. Copies of the tenants' leases, or a rent roll which includes the tenant name, square footage, monthly rent, term of lease and start date, overage and tax provisions, and tenant improvement allowances if any. Please indicate who pays the taxes, insurance, and utilities.
2. Asking rents for vacant space, as well as allowances for tenant improvements. Copies of any listings presently existing for the property.
3. A statement of income and expenses, actual or anticipated.
4. Indication of any leasehold improvements to be assessed separately from the building.
5. Copy of the sales agreement and closing statement, including any addenda or exhibits attached thereto.
6. Copy of any appraisal you may have for the above property.
7. A name and telephone number we may use as a contact person for the property.

This request is made pursuant to the provisions of Section 441(d) of the California Revenue and Taxation Code. PLEASE RESPOND WITHIN THREE WEEKS FROM THE DATE OF THIS LETTER by mail or by fax to (XXX) XXX-XXXX. Be sure to include the above parcel number (APN) with your response.

If you have any questions, please do not hesitate to contact the undersigned appraiser at XXX-XXXX.

Sincerely,

Appraiser

APPENDIX 4: NEW CONSTRUCTION SELF-REPORTING FORMS

We asked assessors if they have a self-reporting program for new construction. If so, we asked for copies of forms. Here are examples of new construction forms that were submitted by assessors.

BUILDING PERMIT STATEMENT

Office of the Assessor

<p>TYPE OF CONSTRUCTION (Please check appropriate boxes)</p> <p> <input type="checkbox"/> REMODEL <input type="checkbox"/> REPAIR <input type="checkbox"/> ADDITION: </p> <table style="width:100%; border:none;"> <tr> <td><input type="checkbox"/> Living Area</td> <td><input type="checkbox"/> Enclosed Existing Patio</td> <td><input type="checkbox"/> Barn/Stable</td> <td><input type="checkbox"/> Sauna</td> </tr> <tr> <td><input type="checkbox"/> Covered Patio</td> <td><input type="checkbox"/> Garage</td> <td><input type="checkbox"/> Fireplace</td> <td><input type="checkbox"/> Tennis/Sport Court</td> </tr> <tr> <td><input type="checkbox"/> Enclosed Patio</td> <td><input type="checkbox"/> Converted Garage</td> <td><input type="checkbox"/> Pool/Spa</td> <td><input type="checkbox"/> Other _____</td> </tr> </table>		<input type="checkbox"/> Living Area	<input type="checkbox"/> Enclosed Existing Patio	<input type="checkbox"/> Barn/Stable	<input type="checkbox"/> Sauna	<input type="checkbox"/> Covered Patio	<input type="checkbox"/> Garage	<input type="checkbox"/> Fireplace	<input type="checkbox"/> Tennis/Sport Court	<input type="checkbox"/> Enclosed Patio	<input type="checkbox"/> Converted Garage	<input type="checkbox"/> Pool/Spa	<input type="checkbox"/> Other _____
<input type="checkbox"/> Living Area	<input type="checkbox"/> Enclosed Existing Patio	<input type="checkbox"/> Barn/Stable	<input type="checkbox"/> Sauna										
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<input type="checkbox"/> Enclosed Patio	<input type="checkbox"/> Converted Garage	<input type="checkbox"/> Pool/Spa	<input type="checkbox"/> Other _____										
<p>PROJECT STATUS: <input type="checkbox"/> Complete <input type="checkbox"/> Incomplete <input type="checkbox"/> Not Started <input type="checkbox"/> Project Cancelled</p>													
<p>If complete, please give the date of completion: _____ / _____ / _____ <small>Month Day Year</small></p> <p>If incomplete, what work remains to be done? _____ _____</p> <p>If incomplete, please give an estimated date of completion: _____ / _____ / _____ <small>Month Day Year</small></p>	<p>Total Cost of Project _____ Was any work completed by owner? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Briefly describe work: _____ _____</p> <p>Contractor's Name: _____ Phone Number: (_____) _____</p>												
<p>DIAGRAM OF NEW CONSTRUCTION: Draw a sketch of the new construction showing the dimensions, floor plan, location on the lot, and position in relation to existing structures. (You may enclose a copy of your blueprints and photographs of the completed work, if available. Please note, however, that these items will become a part of the appraisal file and will not be returned.)</p>	<p>TOTAL ADDITION TO LIVING AREA: _____ Square Feet</p> <p>SAMPLE DIAGRAM</p>												
<div style="background-color: #e0e0e0; border: 1px dotted black; width: 100%; height: 100%;"></div>	This area is part of the 'SAMPLE DIAGRAM' section above												

STRUCTURE REMOVED: Describe any structure or portion of structure removed: _____ _____ REPAIR: Describe any repair work and reason for repair: _____ _____ _____	ROOM COUNT		
		Before	After
	Living Room	_____	_____
	Kitchen	_____	_____
	Dining Room	_____	_____
	Family/Den	_____	_____
	Bedrooms	_____	_____
	Bathrooms	_____	_____
	Utility	_____	_____
	Other	_____	_____

DESCRIPTION OF CONSTRUCTION (Please check Appropriate Boxes)

<p>STRUCTURAL</p> <p>Walls:</p> <input type="checkbox"/> Wood Frame <input type="checkbox"/> Concrete Block <input type="checkbox"/> Steel <input type="checkbox"/> Other _____ <p>Foundation:</p> <input type="checkbox"/> Raised Concrete <input type="checkbox"/> Concrete Slab <input type="checkbox"/> Other _____ <p>Windows:</p> <input type="checkbox"/> Wood <input type="checkbox"/> Aluminum <input type="checkbox"/> Vinyl	<p>EXTERIOR</p> <p>Walls:</p> <input type="checkbox"/> Stucco <input type="checkbox"/> Siding <input type="checkbox"/> Other _____ <p>Roof:</p> <input type="checkbox"/> Wood Shake/Shingle <input type="checkbox"/> Comp Shingle <input type="checkbox"/> Tile <input type="checkbox"/> Gravel/Rock <input type="checkbox"/> Skylights: No. _____ <input type="checkbox"/> Other _____	<p>INTERIOR</p> <p>Walls:</p> <input type="checkbox"/> Sheetrock <input type="checkbox"/> Wood Beam <input type="checkbox"/> Other _____ <p>Ceilings:</p> <input type="checkbox"/> Sheetrock <input type="checkbox"/> Wood Beam <input type="checkbox"/> Other _____ <p>Floor Finish:</p> <input type="checkbox"/> Carpet <input type="checkbox"/> Tile <input type="checkbox"/> Hardwood <input type="checkbox"/> Other _____
---	---	---

<p>HEATING/AIR CONDITIONING</p> <table style="width:100%;"> <tr> <th style="text-align: left;">New</th> <th style="text-align: left;">Replacement</th> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Central Air Conditioning</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Forced Air Furnace</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Wall Heater</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Fireplace</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Woodburning Stove</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Other _____</td> </tr> </table>	New	Replacement	<input type="checkbox"/>	<input type="checkbox"/> Central Air Conditioning	<input type="checkbox"/>	<input type="checkbox"/> Forced Air Furnace	<input type="checkbox"/>	<input type="checkbox"/> Wall Heater	<input type="checkbox"/>	<input type="checkbox"/> Fireplace	<input type="checkbox"/>	<input type="checkbox"/> Woodburning Stove	<input type="checkbox"/>	<input type="checkbox"/> Other _____	<p>CABINETS, APPLIANCES</p> <table style="width:100%;"> <tr> <th style="text-align: left;">New</th> <th style="text-align: left;">Replacement</th> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Cabinets</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Range</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Microwave Oven</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Oven No. _____</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Trash Compactor</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Dishwasher</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Other Built-ins _____</td> </tr> <tr> <td colspan="2">Counter Top Finish _____</td> </tr> </table>	New	Replacement	<input type="checkbox"/>	<input type="checkbox"/> Cabinets	<input type="checkbox"/>	<input type="checkbox"/> Range	<input type="checkbox"/>	<input type="checkbox"/> Microwave Oven	<input type="checkbox"/>	<input type="checkbox"/> Oven No. _____	<input type="checkbox"/>	<input type="checkbox"/> Trash Compactor	<input type="checkbox"/>	<input type="checkbox"/> Dishwasher	<input type="checkbox"/>	<input type="checkbox"/> Other Built-ins _____	Counter Top Finish _____		<p>PLUMBING</p> <table style="width:100%;"> <tr> <th style="text-align: left;">No. of New</th> <th style="text-align: left;">No. of Replaced</th> <th></th> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Toilets</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Bidets</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Bath Tub</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Stall Shower</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Sink</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Wet Bar</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Jacuzzi</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Other _____</td> </tr> </table>	No. of New	No. of Replaced		_____	_____	Toilets	_____	_____	Bidets	_____	_____	Bath Tub	_____	_____	Stall Shower	_____	_____	Sink	_____	_____	Wet Bar	_____	_____	Jacuzzi	_____	_____	Other _____
New	Replacement																																																												
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<p>POOL</p> <p>Type</p> <input type="checkbox"/> Gunitite <input type="checkbox"/> Fiberglass <input type="checkbox"/> Vinyl Lined <input type="checkbox"/> Above Ground <p>Size (surface area square footage) _____</p> <p>Decking (estimate square footage) _____</p> <p>Type of decking _____</p>	<p>Heater</p> <input type="checkbox"/> Gas <input type="checkbox"/> Solar <input type="checkbox"/> None	<p>Pool Extras</p> <input type="checkbox"/> Board <input type="checkbox"/> Slide <input type="checkbox"/> Other _____	<p><input type="checkbox"/> SPA or <input type="checkbox"/> HOT TUB</p> <p>Type</p> <input type="checkbox"/> Gunitite <input type="checkbox"/> Fiberglass <input type="checkbox"/> Redwood <p>Heater</p> <input type="checkbox"/> Gas <input type="checkbox"/> Electric <input type="checkbox"/> Solar <p>Size: _____</p> <input type="checkbox"/> Attached to pool <input type="checkbox"/> Detached <input type="checkbox"/> Portable
--	--	--	---

<input type="checkbox"/> TENNIS COURT Surface Material _____ Fence: Height _____ Material _____ Lights: Type _____ Number _____	<input type="checkbox"/> SPORT COURT Size _____ sq. ft.	<p>RETAINING WALL</p> Width _____ Length _____ Height _____ Materials _____
---	---	---

Remarks: _____

I Certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information herein, including any accompanying statements or documents, is true, correct and complete to the best of my knowledge and belief.

Signed in _____, California, this _____ day of _____ 20____

(_____) _____

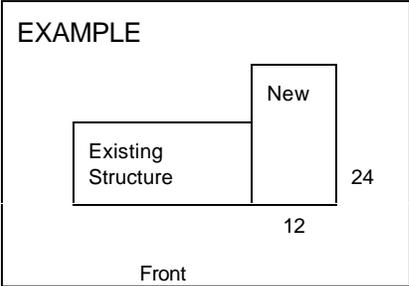
Daytime Phone (8:00 a.m. – 5:00 p.m.) Signature of Owner (or Agent)

8. Please describe the new construction (e.g., added a room with a bath or built a three bedroom, two bath, 1400 square foot house)

9. Describe all other new construction or demolition which has occurred during the last 12 months.

SKETCH OF NEW CONSTRUCTION

Make a rough drawing of the existing structures on your property and then sketch new structures or additions where they are located. Write in the exterior wall measures of new construction and appropriate measurements showing relationship to existing structures.



THE ASSESSOR'S OFFICE MAY CONTACT YOU FOR ADDITIONAL INFORMATION.

This statement is true, correct and complete to the best of my knowledge.

Signature of owner or agent Title (if agent)

Telephone No. 8 a.m. – 5 p.m. Date

DeLinda County

PROPERTY OWNER'S STATEMENT ON NEW CONSTRUCTION

OWNER: _____ DATE: _____

OWNER'S ADDRESS: _____

ASSESSOR'S PARCEL NO: _____ APPRAISER: _____

***Please return this statement within 10 days to assist us in performing our duties. Telephone (XXX) XXX-XXXX**

1. STRUCTURAL CHANGES:

New Structure Alteration Addition Pool/Spa
 Other: _____

TOTAL SQUARE FOOTAGE _____ of new structure/addition.

LABOR COST \$ _____ MATERIALS COST \$ _____ OR TOTAL CONTRACT \$ _____

2. HEATING/AIR CONDITIONING:

3. PLUMBING/CABINETS/APPLIANCES:

(N = NEW UNIT; R = REPLACEMENT)

<u>N</u>	<u>R</u>		<u>N</u>	<u>R</u>	
<input type="checkbox"/>	<input type="checkbox"/>	Central heat/Air conditioner	<input type="checkbox"/>	<input type="checkbox"/>	Toilet
<input type="checkbox"/>	<input type="checkbox"/>	Wall heater	<input type="checkbox"/>	<input type="checkbox"/>	Bathtub
<input type="checkbox"/>	<input type="checkbox"/>	Floor or Gravity furnace	<input type="checkbox"/>	<input type="checkbox"/>	Stall shower
<input type="checkbox"/>	<input type="checkbox"/>	Solar heat/Air conditioner	<input type="checkbox"/>	<input type="checkbox"/>	Sink
<input type="checkbox"/>	<input type="checkbox"/>	Fire place <input type="checkbox"/> Masonry <input type="checkbox"/> Metal	<input type="checkbox"/>	<input type="checkbox"/>	Dishwasher
<input type="checkbox"/>	<input type="checkbox"/>	Wood/Coal burner	<input type="checkbox"/>	<input type="checkbox"/>	Cabinets
<input type="checkbox"/>	<input type="checkbox"/>	Solar water heating	<input type="checkbox"/>	<input type="checkbox"/>	Range & Oven
<input type="checkbox"/>	<input type="checkbox"/>	Other			

LABOR COST: \$ _____
MATERIALS COST: \$ _____
OR TOTAL CONTRACT: \$ _____

LABOR COST: \$ _____
MATERIALS COST: \$ _____
OR TOTAL CONTRACT: \$ _____

4. INTERIOR DETAIL OF STRUCTURE/ADDITION:

Floor Tile Carpet Linoleum Other _____
Walls: Dry wall Paneling Plaster Other _____
Number of bedrooms: _____ Number of bathrooms: _____

5. EXTERIOR DETAIL OF STRUCTURE/ADDITION:

Walls: Stucco Brick Siding Other _____
Roof Covering: Composition shingle Wood shingle
 Gravel or Rock Composition roll
 Other _____

(PLEASE COMPLETE REVERSE)

6. **DIAGRAM OF NEW CONSTRUCTION:** *Diagram the new construction and show its exterior dimensions and location in relation to other buildings on the lot.*

PROJECT COMPLETION DATE: _____

Has other construction taken place in the last 12 months? [] YES [] NO
Is further construction planned in the next 12 months? [] YES [] NO

Describe: _____

Check box if you are an owner/builder [] If not, please complete the following:

CONTRACTOR _____
Contractor Name Telephone

INFORMATION _____
Contractor Address

GENERAL REMARKS: _____

The Office of Assessor may contact you for additional information and may conduct a random field review. Your time and effort is sincerely appreciated in assisting us in the performance of our duties.

I certify (or declare) under penalty of perjury that the foregoing information contained herein, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief.

Signed in _____, California, this _____ day of _____, 20__.

Signature of Owner or Corporate Officer

Daytime Telephone Number

RETURN COMPLETED STATEMENT TO

DeLinda County

Property Owner's Statement of Residential Construction/Demolition

CHRISTINE COUNTY ASSESSOR

PLEASE REFER TO THE AFFIXED ADDRESS LABEL FOR A DESCRIPTION OF THE NEW CONSTRUCTION/PERMIT

We have observed new construction or have been notified that a permit was issued for the property identified above. The Assessor is required by law to gather information regarding all new construction for property tax purposes.

To properly assess your property, an on-site inspection by an appraiser is necessary. This questionnaire has been designed to assist the appraiser with the valuation of your new construction. Please complete this form and return it within 15 days in the envelope provided. If you have any questions, please call (xxx) xxx-xxxx.

PART 1. Please Complete Only the Sections Applicable to Your New Construction

ADDITION, CONVERSION, REMODEL (Circle one)
Use of new area:
Previous use of area:
Was any area demolished prior to the new construction?
Foundation:
Exterior walls:
Roof cover:
Floor cover:
Heating
For kitchen and bath additions or remodels, please provide an interior description in the Remarks section on the reverse side.
Total number of rooms after addition, conversion or remodel:
Living room
Kitchen
Dining room
Family/Den
Utility room
Bedrooms
Full baths
3/4 baths
1/2 baths
Other

GARAGE, SHED, CARPORT, BARN, ENCLOSED PATIO, CABANA, OTHER (Circle one)
Size length x width or sq. ft.
Foundation type:
Exterior wall type:
Roof cover:
Interior walls:
Floor cover type:
Other (electrical, plumbing, etc.)

COVERED PATIO, UNCOVERED PATIO, DECK, PAVING, OTHER (Circle one)
Size length x width or sq. ft.
Material
Elevation:
Roof type:
Roof cover:
Size length x width or sq. ft.

PLEASE COMPLETE REVERSE SIDE

SYSTEMS AND FIXTURES		List all plumbing fixtures and indicate number of each. Circle the fixtures that are new.					
Systems: Indicate if new (N) or replacement (R)		Restroom	Toilets	Urinals	Sinks	Shower	Tub Sh/Tu
N	R						
___	___	1.					
___	___	2.					
___	___	3.					
___	___	4.					
___	___	Total # of Restrooms: _____					
___	___	Other-type _____					

PART 2. Please Complete All of the Sections Below

TENANT INFORMATION (Complete for all new construction. Attach an additional sheet, if needed.)

The property is: owner-occupied leased/rented Date lease was negotiated: _____

Leased space area: _____ sq. ft. Rent: \$ _____ /month or \$ _____ /sq. ft.

Tenant pays: utilities insurance maintenance taxes other _____

Name of tenant/business: _____

Was the new construction paid for by a tenant? Yes No Tenant paid for a portion: \$ _____

Is the tenant responsible for the property taxes for the new construction?
 Yes No A portion is the responsibility of the tenant

DIAGRAM OF NEW CONSTRUCTION: Draw a sketch of the new construction, showing its dimensions and position in relation to existing structure(s). Please label all new items. Copies of your plans are not always provided to this office by other agencies. If additional space is needed, attach a separate sheet.

EXAMPLE:

COST AND COMPLETION DATA

Work was done by: contractor owner combination

Date work was completed (or date project was usable): _____

If incomplete, estimate percent complete to date: _____ % Estimate completion date: _____

TOTAL COST OF PROJECT: \$ _____, or amount expended to date: \$ _____

REMARKS: _____

Thank you for your cooperation. An appraiser may contact you for additional information.

I certify (or declare) under penalty of perjury, under the laws of the State of California, that the foregoing information, including any accompanying statements or documents, is true, correct and complete to the best of my knowledge and belief.

Signature

Title (i.e., property owner / tenant / agent / contractor)

Printed Name

Date

Phone No. (8:00 a.m. – 5:00 p.m.)

PAUL COUNTY ASSESSOR

Property Owner's Statement of Well

PLEASE REFER TO THE AFFIXED ADDRESS LABEL FOR A DESCRIPTION OF THE NEW CONSTRUCTION/PERMIT

If necessary, please forward this statement to the party responsible for the new construction.

We have observed new construction or have been notified that a permit was issued for the property identified above. The Assessor is required by law to gather information regarding all new construction for property tax purposes.

To properly assess your property, an on-site inspection by an appraiser is necessary. This questionnaire has been designed to assist the appraiser with the valuation of your new construction. Please complete this form and return it within 15 days in the envelope provided. If you have any questions, please call (xxx) xxx-xxxx.

INSTRUCTIONS:

- A. If this well is a replacement well (drilled to replace a failing or dry well), complete Items 1 through 5 and sign on the back.**
- B. If this well is the sole well, or in addition to existing functional wells, complete Items 1 and 2 and sign on the back.**

1. Work done by: Contractor owner combination
 Describe any work done by owner: _____

 Date work was completed (or date project was usable: _____
 If incomplete, estimate completion date: _____, and list incomplete items: _____

TOTAL COST OF PROJECT: \$_____, or amount expended to date: \$ _____
REMARKS: Please note anything which should be brought to the attention of the Assessor regarding the valuation of this well.

2. NEW WELL DETAIL SUMMARY

- A. The use of the well: _____

- B. Depth: _____ ft.
- C. Casing size: _____ Casing material: PVC steel
- D. Water flow: _____ GPM
- E. Pump: turbine submersible HP: _____ Depth set: _____ ft.
- F. Booster pump: Number: _____ HP: _____
- G. Water storage: Tank material: _____ Capacity: _____ gallons

PLEASE COMPLETE REVERSE SIDE

3. THIS REPLACEMENT WELL WAS:

- To replace a dry well
 - A back-up water source
 - To replace a collapsed well
 - Other _____
-

4. WHAT IS THE STATUS OF THE ORIGINAL WELL?

- The original well is capped
 - The original well is formally abandoned (i.e., backfilled and sealed by a licensed well driller)
 - The pump was pulled
 - Other _____
-

5. IDENTIFY THE DIFFERENCES BETWEEN THE ORIGINAL AND REPLACEMENT WELL(S):

- A. Increased water flow: Original _____gpm New _____gpm
- B. Larger casing than the original well:
Original casing size _____ New casing size _____
- C. Increased storage capacity: From _____gallons to _____gallons
- D. A higher H.P. pump was installed:
Original H.P. _____ New H.P. _____
- E. Booster pump installed:
Original H.P. _____ New H.P. _____
- F. Better quality system
Explain: _____

Thank you for your cooperation. An appraiser may contact you for additional information.

I certify (or declare) under penalty of perjury, under the laws of the State of California, that the foregoing information, including any accompanying statements or documents, is true, correct and complete to the best of my knowledge and belief.

Signature

Title (i.e., property owner / tenant / agent / contractor)

Printed Name

Date

Phone No. (8:00 a.m. – 5:00 p.m.)

DeLINDA COUNTY ASSESSOR

[Empty box]

Property Owner's Statement of Tenant Improvements Construction/Demolition

PLEASE REFER TO THE AFFIXED ADDRESS LABEL FOR A DESCRIPTION OF THE NEW CONSTRUCTION/PERMIT

If necessary, please forward this statement to the party responsible for the new construction.

We have observed new construction or have been notified that a permit was issued for the property identified above. The Assessor is required by law to gather information regarding all new construction for property tax purposes.

To properly assess your property, an on-site inspection by an appraiser is necessary. This questionnaire has been designed to assist the appraiser with the valuation of your new construction. Please complete this form and return it within 15 days in the envelope provided. If you have any questions, please call (xxx) xxx-xxxx.

PART 1. Please Complete Only the Sections Applicable to Your New Construction

DESCRIPTION OF NEW CONSTRUCTION
[] Interior finish of existing shell building
Type of use: _____
[] Alteration or remodel of previously finished interior for same tenant
[] Replacement or remodel of interior for new tenant
Type of use: _____
[] Alter store front
[] Repair or replacement of fixture or building system
Use of new area: _____

CONSTRUCTION DETAIL
Area of new finished interior:
Interior walls:
[] frame partitions
Linear ft.: _____ Height: _____ ft.
[] glass walls
Linear ft.: _____ Height: _____ ft.
[] other _____
Linear ft.: _____ Height: _____ ft.
Floor finish:
[] carpet _____ sq. ft. [] hardwood _____ sq. ft.
[] sheet vinyl _____ sq. ft. [] other _____
[] vinyl tile _____ sq. ft. _____ sq. ft.
Ceiling finish:
[] exposed/open [] sheetrock/plaster
[] suspended [] other _____

PLEASE COMPLETE REVERSE SIDE

SYSTEMS AND FIXTURES		List all plumbing fixtures and indicate number of each. Circle the fixtures that are new.					
Systems: Indicate if new (N) or replacement (R)		Restroom	Toilets	Urinals	Sinks	Shower	Tub Sh/Tu
N	R						
___	___	1.					
___	___	2.					
___	___	3.					
___	___	4.					
___	___	Total # of Restrooms: _____					
___	___	Other-type _____					

PART 2. Please Complete All of the Sections Below

TENANT INFORMATION <i>(Complete for all new construction. Attach an additional sheet, if needed.)</i>	
The property is: <input type="checkbox"/> owner-occupied <input type="checkbox"/> leased/rented Date lease was negotiated: _____	
Leased space area: _____ sq. ft. Rent: \$ _____/month or \$ _____/sq. ft.	
Tenant pays: <input type="checkbox"/> utilities <input type="checkbox"/> insurance <input type="checkbox"/> maintenance <input type="checkbox"/> taxes <input type="checkbox"/> other _____	
Name of tenant/business: _____	
Was the new construction paid for by a tenant? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Tenant paid for a portion: \$ _____	
Is the tenant responsible for the property taxes for the new construction? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> A portion is the responsibility of the tenant	
DIAGRAM OF NEW CONSTRUCTION: Draw a sketch of the new construction, showing its dimensions and position in relation to existing structure(s). Please label all new items. Copies of your plans are not always provided to this office by other agencies. If additional space is needed, attach a separate sheet.	
EXAMPLE: Partitions:	
COST AND COMPLETION DATA	
Work was done by: <input type="checkbox"/> contractor <input type="checkbox"/> owner <input type="checkbox"/> combination	
Date work was completed (or date project was usable): _____	
If incomplete, estimate percent complete to date: _____ % Estimate completion date: _____	
TOTAL COST OF PROJECT: \$ _____, or amount expended to date: \$ _____	
REMARKS: _____	

Thank you for your cooperation. An appraiser may contact you for additional information.

I certify (or declare) under penalty of perjury, under the laws of the State of California, that the foregoing information, including any accompanying statements or documents, is true, correct and complete to the best of my knowledge and belief.

Signature

Title (i.e., property owner / tenant / agent / contractor)

Printed Name

Date

Phone No. (8:00 a.m. – 5:00 p.m.)

CURTIS COUNTY ASSESSOR

Property Owner's Statement of New Residence Construction

PLEASE REFER TO THE AFFIXED ADDRESS LABEL FOR A DESCRIPTION OF THE NEW CONSTRUCTION/PERMIT

If necessary, please forward this statement to the party responsible for the new construction.

We have observed new construction or have been notified that a permit was issued for the property identified above. The Assessor is required by law to gather information regarding all new construction for property tax purposes.

To properly assess your property, an on-site inspection by an appraiser is necessary. This questionnaire has been designed to assist the appraiser with the valuation of your new construction. Please complete this form and return it within 15 days in the envelope provided. If you have any questions, please call (xxx) xxx-xxxx.

FOR ALL ROOMS, PLEASE INDICATE:

ROOM	FLOOR LEVEL				FLOOR COVERING					CEILING FINISH			
	B	1	2	3	Carpet	Vinyl	Tile	Wood	Other	Vaulted	Wood	Open Beam	Sheet Rock
ENTRY	<input type="checkbox"/>												
LIVING ROOM	<input type="checkbox"/>												
DINING ROOM	<input type="checkbox"/>												
DINING AREA	<input type="checkbox"/>												
FAMILY ROOM	<input type="checkbox"/>												
KITCHEN	<input type="checkbox"/>												
UTILITY ROOM	<input type="checkbox"/>												
BEDROOM #1	<input type="checkbox"/>												
BEDROOM #2	<input type="checkbox"/>												
BEDROOM #3	<input type="checkbox"/>												
BEDROOM #4	<input type="checkbox"/>												
OTHER	<input type="checkbox"/>												
<div style="border-top: 1px solid black; padding-top: 5px;"> _____ (Specify room) </div>													

PLEASE COMPLETE REVERSE SIDE

KITCHEN: (Examples of counter and splash materials: Formica, Corian, tile, fiberglass, etc.)

- Counter material: _____ Length: _____ lineal ft. Back splash height: _____ inches
- Built-in oven Built-in Microwave Trash compactor
- Counter-top range Garbage disposal Cooking island
- "Jennaire" type range Dishwasher Vegetable sink
- Other built-in appliances (specify) _____

BATHS:

Baths	Floor Level (1, 2)	Floor Covering	Counter Material	Number of Sinks	Bathtub				Shower			Add'l. Fixtures (specify)
					Fiber-glass	Ceramic	Other	Back splash material	Overtub	Stall	Back Splash material	
Bath #1												
Bath #2												
Bath #3												
Bath #4												

ADDITIONAL FEATURES:

- Central heating Walk-in closet(s) # _____ Skylights # _____
- Wall heater Mirror closet door(s) Ceiling fans
- Air conditioning Pantry closet Built-in book shelves
- Laundry sink Jetted bathtub Finished garage
- Wet bar Indoor spa/sauna Other _____

FIREPLACE/WOOD STOVE:

- Zero-clearance fireplace Masonry fireplace Wood stove
- Free standing Gas log Stove insert
- Raised hearth Finish of hearth: _____ Finish of facing: _____

COST AND DATE OF COMPLETION:

When was the construction completed or the date it became usable? _____

What was the total cost of construction? (Include all costs, i.e., permit fees, grading, utilities, etc. Do not include the cost of the land.) _____

Work was done by: Contractor Owner Combination

Thank you for your cooperation. An appraiser may contact you for additional information.

I certify (or declare) under penalty of perjury, under the laws of the State of California, that the foregoing information, including any accompanying statements or documents, is true, correct and complete to the best of my knowledge and belief.

Signature

Title (i.e., property owner / tenant / agent / contractor)

Printed Name

Date

Phone No. (8:00 a.m. – 5:00 p.m.)