

FULL REVALUATION CONTRACT BTLA REASSESSMENT ORDER

(New Hampshire Department of Revenue Administration (DRA) sample Contract for a Full Revaluation)

IMPORTANT NOTICE: A contract must take into account many provisions addressing different aspects of the business relationship between the Municipality and a hired Contractor. This document addresses only the terms, conditions, services and the performance required of the assessing Contractor. All contracts or In-house work plans shall follow all applicable Rules and Statutes.

The DRA recommends that the elements of this sample contract be considered when a Municipality enters into an agreement with a Contractor for a BTLA ordered full revaluation. This sample contract is not intended to meet every possible contracted situation, and all of your assessing needs may not be identified herein.

The DRA does not warrant your contract against any errors or omissions, and recommends that you seek legal counsel to develop and draft your final contract.

SUBJECT: A FULL REVALUATION means the revaluation of all taxable and non-taxable properties in a municipality, with a complete measure and listing of all taxable and nontaxable properties to occur at the same time of the establishment of the new base year, to arrive at full and true value as of April 1.

The City or Town _____, NH, a municipal corporation organized and existing under the laws of the State of New Hampshire, hereinafter called Municipality; and, _____ a business organization existing under the laws of the State of New Hampshire, and having a principal place of business at, _____, hereinafter called Contractor, hereby mutually agree as follows:

GENERAL PROVISIONS

1. PARTIES

- 1.1 Name of Municipality: _____
- 1.2 Mailing Address of Municipality: _____
- 1.3 Contracting Official(s) name(s) and tile(s)
for the Municipality: _____
- 1.4 Telephone and Fax numbers: Phone: _____
Fax: _____
- 1.5 E-mail Address, if applicable: _____

- 1.6 Name of Contractor: _____
- 1.7 Mailing Address of Contractor: _____
- 1.8 Principal Place of Business: _____
- 1.9 E-mail Address, if applicable: _____
- 1.10 Telephone and Fax numbers: Phone: _____
Fax: _____
- 1.11 Name and Title of Authorized Contractor: _____
- 1.12 Type of Business Organization: _____

DEFINITIONS:

Abatement Review means to make an assessment recommendation to the municipal assessing officials or to make a change to an assessment that is in response to an abatement request from a taxpayer. **Rev 601.01**

Appraisal means the act or process of developing a market value estimate of property which will be used as the basis for valuation, fulfilling a municipality's statutory duties relative to property tax administration including, but not limited to those pursuant to RSA 75:1. **Rev 601.02**

Assessing Services means the making of appraisals, reappraisals, assessments, or providing other services on behalf of municipal assessing officials for the statutory administration of property valuation and assessment including, but not limited to those pursuant to RSA 75:1. **Rev 601.05**

Assessing Standards Board (ASB) means the State of New Hampshire assessing standards board as established pursuant to RSA 21-J:14-a. **Rev 601.06**

Assessment means an estimate of the quality, amount, size, features, or worth of real estate which is used as a basis for a municipalities' valuation in accordance with statutory requirements including, but not limited to those pursuant to RSA 75:1. **Rev 601.07**

Base Year means the tax year in which the municipality performed a revaluation of all properties. **Rev 601.08**

BTLA Reassessment means an order by the State of New Hampshire board of tax and land appeals for a revaluation or partial update of a municipality's property assessments. **Rev 601.09**

Calibration means the process of ensuring the predictive accuracy of the CAMA model(s), through testing, which may include but not be limited to; determining the variable rates and adjustments from market analysis for land and land factors, costs and depreciation for a cost model, valuation rates and adjustments for a sales comparison model, and market rents and capitalization rates for an income model. **Rev 601.10**

Computer Assisted Mass Appraisal System (CAMA) means a system of appraising property that incorporates computer-supported tables, automated valuation models and statistical analysis to assist the appraiser in estimating value for a revaluation, assessment data maintenance and valuation update. **Rev 601.11**

Contract means any agreement between the municipality and the contractor for making appraisals, reappraisals, assessments, or for appraisal work on behalf of a municipality with the State of New Hampshire. **Rev 601.13**

Contractor means the person, firm, company, or corporation with which the municipality has executed a contract or agreement for assessing services. **Rev 601.14**

Cyclical Inspection means the process of a systematic measure and listing of all properties within a municipality over a specified period of time. The term includes "data collection" and "data verification". **Rev 601.15**

Cyclical Revaluation means the process of combining a full statistical revaluation of the entire municipality with a cyclical inspection process. **Rev 601.16**

Data Collection means the inspection, measuring, or listing of property within a municipality. The term includes data verification. **Rev 601.17**

DRA-certified means a level of certification attained by a person as set forth by the ASB in Asb 300 pursuant to RSA 21-J:14-f. **Rev 601.20**

Executed means to transact, agree to, carry into effect, sign or act upon a contract or agreement to perform assessing services for a municipality. The term includes "executing". **Rev 601.22**

Final Monitoring Report means the DRA’s final letter to the municipality for any revaluation or partial update. **Rev 601.23**

Full Revaluation means the revaluation of all taxable and nontaxable properties in a municipality, with a complete measure and listing of all taxable and nontaxable properties to occur at the same time of the establishment of the new base year, to arrive at full and true value as of April 1. The term includes “full reappraisal” and “full reassessment.” **Rev 601.24**

Full Statistical Revaluation means the process of a revaluation of all taxable and nontaxable properties in a municipality, using existing property data, to arrive at full and true value as of April 1. The term includes “statistical update” and “statistical reassessment”. **Rev 601.25**

Highest and Best Use means the physically possible, legally permissible, financially feasible, and maximally productive use of a property, as appraised in accordance with RSA 75:1. **Rev 601.26**

Improvement means any physical change to either land or to buildings that may affect value. **Rev 601.27**

In-house Work Plan means a written set of goals, objectives, processes, and timelines that the municipality intends to rely upon to perform revaluations, partial updates, or cyclical inspections. **Rev 601.29**

Listing means recording a description of the interior, exterior, and attributes of any improvements or the recording of the description of land features and attributes. The term includes “list”. **Rev 601.30**

Market Analysis means the study and processes utilized to determine the response of buyers and sellers of real estate, in a geographic area, to various data elements through the analysis of cost data, income data, and sale transactions in the performance of mass appraisal. **Rev 601.31**

Market Value means the value of a property that:

- (a) Is the most probable price, not the highest, lowest or average price;
- (b) Is expressed in terms of money;
- (c) Implies a reasonable time for exposure to the market;
- (d) Implies that both buyer and seller are informed of the uses to which the property may be put;
- (e) Assumes an arm’s length transaction in the open market;
- (f) Assumes a willing buyer and a willing seller, with no advantage being taken by either buyer or seller; and,
- (g) Recognizes both the present use and the potential use of the property.

The term includes “full and true value”. **Rev 601.32**

Mass Appraisal means the utilization of standard commonly recognized techniques to value a group of properties as of a given date, using standard appraisal methods, employing common data and providing for statistical testing. **Rev 601.33**

Measure means the physical inspection, verification, sketching and recording of the exterior dimensions and attributes of any improvements made to a property. **Rev 601.34**

Municipal Assessing Officials means those charged by law with the duty of assessing taxes and being the:

- (a) Governing body of a municipality;
- (b) Board of assessors or selectmen of a municipality; or
- (c) County commissioners of an unincorporated place.

Rev 601.36

Municipality means a city, town, or unincorporated place. **Rev 601.37**

Partial Update means the process of analyzing market sales throughout the entire municipality to identify and implement needed value changes to the affected areas, or classes of property, to bring those properties to the municipality’s general level of assessment utilizing the existing base tax year and providing an addendum to the

existing USPAP compliant report. The term includes “partial revaluation.” **Rev 601.38**

Revaluation means the act of re-estimating the worth of real estate of the entire municipality using standard appraisal methods, calibration of the CAMA tables and models, establishment of a new base year with a USPAP compliant report, and providing for statistical testing whether by either:

- (a) A full revaluation; or,
- (b) A full statistical revaluation.

The term includes “reappraisal,” “reassessment,” and “value anew”. **Rev 601.40**

Sale Validation means the process of verifying a real estate sale transaction to determine whether the sale was a valid or an invalid indicator of the market value of the sold property. The term includes “sale verification” and “sale qualification.” **Rev 601.41**

Statistical Testing means the use or application of numerical statistics to understand the results of a reappraisal or the need for a reappraisal. **Rev 601.42**

Uniform Standards of Professional Appraisal Practice (USPAP) means the generally accepted and recognized standards of appraisal practice printed by The Appraisal Foundation as authorized by Congress as the source of appraisal standards and appraiser qualifications. **Rev 601.44**

USPAP Compliant Report means an appraisal report based upon the standards established by the ASB pursuant to RSA 21-J:14-b I, (c.) **Rev 601.45**

DUTIES OF:

DRA-Certified Building Measurer and Lister Duties Asb 304.01

- (a) A DRA-certified building measurer and lister may collect data as described in Asb 303.02 for the sales survey.
- (b) A DRA-certified building measurer and lister shall not validate or invalidate any property sales.
- (c) A DRA-certified building measurer and lister shall not determine, or change, the quality grade or depreciation of structures.

DRA-Certified Property Assessor Assistant Duties Asb 304.02 A DRA-certified property assessor assistant may, under the guidance and review of a DRA-certified property assessor or DRA-certified property assessor supervisor in accordance with Asb 303.03:

- (a) Appraise various types of real estate for tax purposes; and,
- (b) Validate or invalidate sales for the sales survey.

DRA-Certified Property Assessor Duties Asb 304.03

- (a) A DRA-certified property assessor may, in accordance with Asb 303.04:
 - (1) Appraise property for tax purposes including:
 - (a) The annual maintenance of assessments by using sales surveys, charts, and schedules; and,
 - (b) Using cost data established by a DRA-certified property assessor supervisor during the year of the last revaluation;
 - (2) Validate or invalidate sales for the sales survey; and,
 - (3) Submit a signed and dated statement to the DRA attesting to the qualifications of a building measurer and lister working under the DRA-certified property assessor’s supervision to be true, accurate and correct.
- (b) A DRA-certified property assessor shall not adjust the cost, land, depreciation, or other tables resulting in a change to the values without the approval of a DRA-certified property assessor supervisor.

DRA-Certified Property Assessor Supervisor Duties Asb 304.04 A DRA-certified property assessor supervisor, may, in accordance with Asb 303.05:

- (a) Exercise general supervision over a revaluation;
- (b) Conduct sales surveys and establish base values for land and buildings;

- (c) Prepare the sales survey;
- (d) Establish charts and schedules to be used in the revaluation;
- (e) Prepare reports;
- (f) Supervise informal reviews of property assessments with the property owner;
- (g) Oversee any revaluation by assisting the municipality to ensure the revaluation is performed in accordance with state laws and rules;
- (h) Assist the municipality to ensure that compliance with the contract is adhered to; and,
- (i) Submit a signed and dated statement to the DRA attesting to the qualifications at all levels of certification to be true, accurate and correct.

2. RESPONSIBILITIES AND SERVICES TO BE PERFORMED BY CONTRACTOR

2.1 Contract Submission

The contract, any revised contract, and the list of personnel assigned to work under the contract, shall be first submitted to the DRA for examination and shall not be approved by the DRA until the indemnification and insurance certificates as described in Rev 607.01(a) and the performance bond as described in Rev 607.02 have been submitted to both the municipal assessing officials and the DRA.

2.2 Assessment of all property

2.2.1 Contractor shall measure and list all taxable property (RSA 72:6) within Municipality in a good and workmanlike manner in accordance with RSA 75:1.

2.2.2 Contractor shall measure and list all tax exempt and non-taxable property (RSA 74:2) within the taxing jurisdiction of Municipality in the same manner as taxable property.

2.2.3 Contractor shall measure, list and verify all sales used to determine benchmarks for the revaluation.

2.2.4 Contractor shall measure and list all new construction brought to their attention by Municipality via building permits, inventories and any other source.

2.2.5 Contractor shall utilize Municipality's _____ CAMA System to assess properties.

2.3 Completion of Work

2.3.1 Contractor shall complete all work and deliver the same in final form to the municipal assessing officials on or before _____.

2.3.2 A penalty of \$_____ per day shall be paid by Contractor for each day required beyond the above stated completion date for delays caused by Contractor.

2.3.3 Contractor shall provide Municipality a list of all products to be delivered and dates of delivery thereof. The products include:

- (1) Property record cards in hard copy, electronic or both formats;
- (2) The USPAP Compliant Appraisal Report;
- (3) The Data Collection Manual;
- (4) The CAMA System Manual; and,
- (5) Any other products as deemed necessary by the municipal assessing officials (as described in Section 3).

2.3.4 The revaluation shall be considered satisfied and in its final form only when:

- (1) The informal review of assessments has been completed as described in Section 3.6;
- (2) Any required value adjustments are made;

- (3) The final values are submitted to and accepted by the municipal assessing officials;
- (4) All products required by the contract are delivered to Municipality and the DRA;
- (5) The DRA has completed its final monitoring report;
- (6) Values established by Contractor have been defended through the municipal abatement process, as described under RSA 76:16, for the year of the revaluation;
- (7) Contractor has provided for a representative to support the values established by Contractor through the municipal abatement appeal process, as described under RSA 76:16-a and RSA 76:17, for the year of the revaluation; and,
- (8) All other terms of the contract have been satisfied.

2.4 Personnel

- 2.4.1 For grading, classifying, appraising and data collection of all property covered by the contract, Contractor shall only employ personnel who are:
- (1) Certified by the DRA, as defined in the Asb 300 Rules and RSA 21-J:14-f for the level of work they will be performing; and,
 - (2) Approved by the municipal assessing officials.
- 2.4.2 Contractor shall not compensate, in any way, a municipal official, employee or any immediate family member of such official or employee in the performance of any work under the contract unless previously disclosed and a prior full-time employee of Contractor.
- 2.4.3 Upon approval of the contract and before the revaluation begins, Contractor shall provide to the DRA and the municipal assessing officials, a list of the DRA-certified personnel assigned to work under the contract.
- 2.4.4 Contractor shall ensure that the DRA-certified assessor supervisor is proficient in the use and calibration of the CAMA system that will be used to assess the property specified in Section 2.2.
- 2.4.5 Contractor shall ensure that the individual(s) assigned to perform data entry are proficient in the use of Municipality's CAMA system.
- 2.4.6 Contractor shall ensure that the DRA-certified assessor supervisor will be present on site _____% of the time for the duration of the contract.

2.5 Public Relations

- 2.5.1 Contractor and the municipal assessing officials, during the progress of the work, shall each use their best efforts to promote full cooperation and amiable relations with taxpayers. All publicity and news releases shall be approved by the municipal assessing officials before being released to the news media. Contractor, upon request of the municipal assessing officials, shall provide assistance in conjunction with the municipal assessing officials to acquaint the public with the mechanics and purpose of the revaluation.

2.6 Confidentiality

- 2.6.1 Contractor, municipal assessing officials or municipal employees shall not disclose any preliminary values to anyone or permit anyone to use or access any data on file during the course of the revaluation project, except the municipal assessing officials and the Commissioner of the DRA, or their respective designees, until the values have been submitted to the municipal assessing officials and made public.

2.7 Compensation and Terms

- 2.7.1 Municipality, in consideration of the services hereunder to be performed by Contractor, agrees to pay Contractor the sum total of \$_____ dollars pursuant to the terms of the agreement as defined in Section 3.
- 2.7.2 The amount or terms of compensation to be paid by Municipality for assessing services to support and defend assessments that are appealed to the BTLA or superior court, if not included in Section 3 of the agreement, quoted on a hourly or daily basis plus expenses is: \$_____ hourly / \$_____ daily.
- 2.7.3 The itemized cost for the appraisal of special use or utility property(ies) if not included in 2.7.1 is/are listed below:
- | <u>Map/Lot</u> | <u>Ownership/Name</u> | <u>Appraised By</u> | <u>Cost</u> |
|----------------|-----------------------|---------------------|-------------|
|----------------|-----------------------|---------------------|-------------|
- 2.7.4 The manner and time schedule in which Municipality shall make payments to Contractor shall be included in the contract.
- 2.7.5 A _____% (DRA recommends a minimum of 10%) retainage shall be withheld from Contractor until:
- (1) The municipal assessing officials have determined that all of the terms of the contract have been satisfied; and,
 - (2) The DRA has completed its final monitoring report.
- 2.7.6 Except as provided in Sections 2.6.2 and 2.6.3, the stated consideration in 2.6.1 represents the total payment for all contracted services.

3. DETAIL OF SERVICES TO BE PERFORMED BY CONTRACTOR

3.1 Collection of Property Data

- 3.1.1 All vacant land parcels and any attributes that may affect the market value shall be listed accurately. Such attributes may include, but not be limited to: number of acres; road frontage; neighborhoods; water frontage; water access; views; topography; easements, deeded restrictions and other factors that might affect the market value.
- 3.1.2 Every principal building(s), and any appurtenant building(s), or other improvements, shall be accurately measured and listed to account for the specific elements and details of construction as described in the data collection manual. Such elements and details may include, but not be limited to: quality of construction; age of structure; depreciation factors; basement area; roofing; exterior cover; flooring; fireplaces; heating & cooling systems; plumbing; story height; number of bathrooms; number of bedrooms; and, other features, attributes, or factors that might affect market value.
- 3.1.3 Contractor shall make an attempt to inspect the property, (unless prohibited as detailed in Section 3.1.5 below), and if the attempt is unsuccessful, Contractor shall:
- (a) Make a note with the date of the visit to the property;
 - (b) Leave a notification card at the property requesting that the property owner call the Contractor's designee, within a stated time frame as agreed upon by the municipal assessing officials and Contractor, to arrange for an interior inspection; or,
 - (c) Send a letter to the property owner requesting that the property owner call the Contractor's designee, within a stated time frame as agreed upon by the municipal assessing officials and Contractor, to arrange for an interior inspection; and,
 - (d) Notify the municipal assessing officials that the property was not accessed and that the Contractor has not been contacted by the property owner or occupant within the

prescribed time frame.

- 3.1.4 The municipal assessing officials, when notified by Contractor pursuant to 3.1.3:
 - (a) May attempt to make arrangement with the owner or occupant for an interior inspection of the property; and,
 - (b) Shall notify the contractor within 10 working days of whether inspection arrangements were made.

- 3.1.5 If the municipal assessing officials are not able to arrange for an interior inspection, or entrance to a building or parcel of land cannot be obtained as detailed in Section 3.1.6 below, Contractor shall:
 - (a) Estimate the value of the improvements using the best evidence available; and,
 - (b) Annotate the property record card accordingly.

- 3.1.6 Contractor shall complete interior inspection of all properties except:
 - (a) Vacant or unoccupied structures;
 - (b) Where multiple attempts for inspection have been made without success and the owner or occupant has not responded to Contractor or the municipal assessing officials' notifications;
 - (c) Where postings prevent access;
 - (d) Unsafe structures;
 - (e) When the owner has refused access to Contractor or designee;
 - (f) When inhabitants appear impaired, dangerous or threatening; and,
 - (g) Any other reason for which the municipal assessing officials agree that the property is inaccessible.

- 3.1.7 Contractor shall provide to Municipality a complete copy of the: field data collection card(s); worksheet(s); and, other document(s) used in the valuation process.

- 3.1.8 Contractor shall provide monthly progress reports indicating the percentage of completion of the full revaluation to the municipal assessing officials and the DRA.

3.2 Property Record Cards

- 3.2.1 Contractor shall prepare an individual property record card, for each separate parcel of property in Municipality arranged to show:
 - (1) The owner's name, street number, map and lot number or other designation of the property;
 - (2) The owner's mailing address;
 - (3) Information necessary to derive and understand:
 - (a) The land value;
 - (b) The number of acres of the parcel;
 - (c) The land classification;
 - (d) The adjustments made to land values;
 - (e) The value of the improvements on the land;
 - (f) The accurate description of all improvements whether affecting market value or not;
 - (g) The improvement pricing details; and,
 - (h) The allowances made for physical, functional and economic depreciation factors;
 - (4) The outline sketch of all principal improvements with dimensions with the street side or waterfront toward the bottom of the diagram;
 - (5) The base valuation year;
 - (6) The print date of property record card;
 - (7) Photograph of the principal building;
 - (8) History of the property transfer to include:
 - (a) Date of sale;

- (b) Consideration amount;
- (c) Qualification code; and,
- (d) Property type noted as either vacant or improved;
- (9) A notation area to record any comments pertaining to the property; and,
- (10) A notation area to record the history of the property, which may include, but not be limited to:
 - (a) Property inspection date;
 - (b) Individual's identification number or initials associated with the inspection;
 - (c) The extent of the inspection;
 - (d) Reason for the inspection; and,
 - (e) Any value adjustment(s),

3.3 Market Analysis

- 3.3.1 A DRA-certified property assessor supervisor shall conduct the full revaluation market analysis.
- 3.3.2 A DRA-certified property assessor assistant, under the guidance of a DRA-certified property assessor or a DRA-certified property assessor supervisor, may validate or invalidate sales for the market analysis.
- 3.3.3 The municipal assessing officials shall provide to Contractor a copy of all property transfers for a minimum of two (2) years immediately preceding the effective date of the revaluation.
- 3.3.4 A market analysis shall be conducted by Contractor using accepted mass appraisal methods in order to determine land, improvements and any other contributory values or factors including:
 - (1) A review of all property transfers provided by the municipal assessing officials to Contractor;
 - (2) A compilation of all unqualified property transfers into a sales list with appropriate notations for those sales not used in the analysis accompanied by:
 - (a) The parcel map and lot number;
 - (b) The disqualification code;
 - (c) The date of sale; and,
 - (d) The sale price.
 - (3) A compilation of all qualified property transfers into a sales list with appropriate notations for those sales used in the analysis accompanied by:
 - (a) The parcel map and lot number;
 - (b) The date of sale;
 - (c) The sale price;
 - (d) The newly established value;
 - (e) A photocopy or printout of the property record card for each property transferred; and,
 - (f) A photograph of the principal improvements attached thereto;
 - (4) Estimated land values with the documented results, as follows:
 - (a) Utilizing vacant land sales whenever possible; and,
 - (b) In the absence of an adequate number of vacant land sales, the land residual method or other recognized land valuation methodologies shall be used to assist in the determination of land unit values;
 - (5) The Indicated land values shall be documented as:
 - (a) Site;
 - (b) Front or square foot;
 - (c) Front acre;
 - (d) Rear acre units; and/or,
 - (e) Other appropriate units of comparison;

- (6) An analysis section to include:
 - (a) The sale price; and,
 - (b) Supporting adjustments made in sufficient detail to be understood by the municipal assessing officials and taxpayers;
- (7) The market analysis used to indicate unit values with the documentation of the method(s) employed and any special adjustment factors; and,
- (8) Tax Maps showing the locations of all qualified sales and the delineation of neighborhoods.

3.3.5 The preliminary market analysis shall:

- (1) Be provided to the municipal assessing officials and the DRA prior to the acceptance of the new values by the municipal assessing officials;
- (2) Be printed in its final form, and provided to the municipal assessing officials and the DRA at the completion of the revaluation as part of the USPAP compliant report; and,
- (3) Become property of Municipality and the DRA.

3.3.6 Contractor shall ensure that a final comprehensive review of the newly established values shall be performed by a DRA-certified property assessor supervisor utilizing a parcel-by-parcel field review of the entire municipality to:

- (1) Ensure that all properties are valued at their highest and best use; and,
- (2) Identify and correct: any mechanical errors; inconsistencies; unusual features or value influencing factors.

3.3.7 Any supporting documentation supplied, provided or utilized by Contractor in the process of compiling the market analysis, such as but not limited to: sales verification sheets; rental/expense statements and questionnaires; contractor cost estimates; sales listing sheets; final review notes; etc., shall be relinquished to and become property of Municipality.

3.4 Approaches to Value

3.4.1 The valuation of property for the revaluation shall be completed by utilizing recognized approaches to value, which may include, but not be limited to:

3.4.2 Cost Approach:

- (1) The cost approach, when utilized, shall be implemented by calibrating and applying land valuation tables, building valuation tables and unit costs as follows:
 - (a) Investigate, with documented analysis, land values for residential, commercial, industrial and any other special use properties in the area;
 - (b) Document the land valuation tables and unit costs by including statistical testing to compare the calculated preliminary land value to the sale properties to ensure accuracy before the land valuation tables and unit costs are implemented;
 - (c) Document the development of the units of comparison that shall be used for the base land prices, which may include, but not limited to: site; front foot; square foot; front acre; rear acre; and, other appropriate units of comparison;
 - (d) Document site specific characteristic land adjustments, which may include, but not be limited to: topography; view; size; location; and, access; and,
 - (e) Document the calibration of land tables and models.
- (2) In developing building cost tables, Contractor shall provide the following:
 - (a) Investigate, with documented analysis, the building costs of residential, commercial, industrial and any other special use properties in the area;
 - (b) Document the testing of Contractor's building valuation tables and unit costs by comparing the calculated preliminary building value to the sale properties, for which the building costs are known, to ensure accuracy before

the building valuation tables and unit costs are implemented;

- (c) The building cost tables shall consist of unit prices based upon relevant factors, which may include, but not be limited to: specifications for various types of improvements; the quality of construction; the building customs and practices in the municipality; various story heights and square foot areas adequate for the valuation of all types of buildings and other improvements to the land; tables for additions and deductions for variations from the base cost improvement specifications; and, tables for depreciation based upon age and condition of the improvements.
- (d) Document the calibration of all building cost tables and models.

3.4.3 **Income Approach:**

- (1) The income approach, when utilized, shall be implemented by calibrating and applying valuation models as follows:
 - (a) Investigate and qualify, with documented analysis, market data, which may include but not be limited to: rental income; expenses; vacancy; and, capitalization rates for: residential, commercial, industrial and any other special use property;
 - (b) Describe property specific characteristics;
 - (c) Document statistical testing for the income valuation models to known sales of similar properties;
 - (d) Create valuation models consisting of market data based upon:
 - (i) Defined descriptions and specifications based upon property type; and,
 - (ii) Quality and size of the improvements; and,
 - (e) Document the calibration of all income approach valuation tables and models.

3.4.4 **Market-Sales Comparison Approach:**

- (1) The market-sales comparison approach, when utilized, shall be implemented by calibrating and applying valuation models as follows:
 - (a) Contractor shall qualify, analyze, and use sales as direct units of comparison in the valuation of residential, commercial, industrial and any other special use properties;
 - (b) Investigate with documented analysis comparable sales;
 - (c) Document the adjustments for specifics, which may include, but not be limited to: location; time; size; features; and, condition;
 - (d) Document how the adjustments were derived;
 - (e) Document final value reconciliation; and,
 - (f) Document calibration of all sales comparison tables and models.

3.4.5 In the utilization of the appraisal approaches to valuation, Contractor shall make and document adjustments made to properties for depreciation factors, which may include, but not be limited to: physical; functional; and, economic conditions.

3.5 Utility and Special Use Properties

3.5.1 Contractor shall identify the utility and special use properties within Municipality by:

- (1) Providing documentation of the methodology and analysis that was utilized by Contractor in the establishment of the assessed value(s); and,
- (2) Indicating the properties that were not part of the appraisal work performed under the revaluation contract by:
 - (a) Identification of the property; and,
 - (b) Identification of the source of the appraisal of the property for the revaluation.

3.6 Value Notification and Informal Reviews

3.6.1 Contractor shall provide to the municipal assessing officials:

- (1) A list of the newly established values for review;

- (2) A preliminary value analysis with a copy delivered to the DRA for review; and,
 - (3) The informal review schedule in advance.
- 3.6.2 Contractor shall mail, first class, to all property owners, the notification of the newly established value of their property by sending to the property owner either of the following:
- (1) A list of all property owners containing the newly established valuations of all properties within Municipality; or,
 - (2) A letter to the owner stating the newly established value of their property and whether Contractor has either:
 - (a) Published a list of all property owners containing the newly established valuations for all properties within Municipality in an identified newspaper of general circulation for the entire Municipality; or,
 - (b) Posted in two (2) identified public places within Municipality a list of all property owners and the newly established values of the entire Municipality.
- 3.6.3 The notification of newly established values shall contain the details of the informal review process, instructions on scheduling an informal review; and the time frame in which informal reviews shall be scheduled.
- 3.6.4 The notification of newly established values shall contain instructions in regard to the appeal process for abatements pursuant to RSA 76:16, RSA 76:16-a and RSA 76:17.
- 3.6.5 After mailing or posting of the notification of newly established values, Contractor shall ensure that an informal review of the newly established property values is provided to all property owners who may, within the time prescribed by the contract, request such a review.
- 3.6.6 Notwithstanding Section 2.6 of this contract (Confidentiality), Contractor shall make available to all property owners the property record card and market analysis related to their newly established property value(s).
- 3.6.7 Contractor shall notify, by first class mail, all property owners addressed during the informal reviews and indicate whether or not a change in value resulted and the amount thereof.
- 3.6.8 All documentation utilized or obtained during the informal review process shall be relinquished to the municipal assessing officials.

3.7 Appraisal Reporting and Appraisal Manuals

- 3.7.1 Contractor shall provide a USPAP compliant appraisal report pursuant to RSA 21-J:14-b,1,(c): The report shall comply with the most recent edition of the USPAP Standard 6. The report shall contain, at a minimum, the following:
- (1) A letter of transmittal to include a signed and dated certification statement;
 - (2) Sections detailing:
 - (a) The scope of work;
 - (b) The development of values;
 - (c) Time trending analysis;
 - (d) Land and neighborhood data;
 - (e) Improved property data;
 - (f) Statistical testing, analysis, and quality control; and,
 - (g) The development of approaches to value used in the revaluation of properties.
 - (3) Appendices which may include, but not be limited to:
 - (a) Work plan;
 - (b) Neighborhood maps;
 - (c) Names and levels of DRA-certified individuals authoring or assisting with

- the development of the USPAP compliant report;
 - (d) CAMA system codes;
 - (e) Identification and description of zoning districts;
 - (f) Qualified and unqualified sale codes; and,
 - (g) Other useful definitions or information.
- (4) Instructions, or as a separate document, adequate instructions for the municipal assessing officials to:
- (a) Understand the valuation methodologies employed;
 - (b) Understand the market and neighborhood adjustments; and,
 - (c) Understand the conclusions of the appraisal report.
- 3.7.2 Contractor shall provide a USPAP compliant report to the municipal assessing officials, to be retained by the municipal assessing officials until the next revaluation and shall provide a copy to the DRA.
- 3.7.3 Contractor shall provide a USPAP compliant report to the municipal assessing officials for any special use properties or utilities included in Section 2.7.3, and shall provide a copy to the DRA.
- 3.7.4 Contractor shall provide a data collection manual, to be included within the USPAP report, or as a separate document, which may include but not be limited to:
- (1) A description of building characteristics; extra features; outbuildings; site improvements; site characteristics; road frontage; water frontage; water access; topography; and view;
 - (2) A glossary and description of all codes used within the data collection and on property record cards;
 - (3) A description of all grading factors utilized, which may include, but may not be limited to: condition factors; quality; depreciation; amenity values; and other factors or conditions; and,
 - (4) A glossary and description of the coding used for visitation history.
- 3.7.5 Contractor shall ensure that the municipal assessing officials have:
- (1) A technical CAMA manual detailing the CAMA system utilized; and,
 - (2) Been provided training in the proper use of the CAMA system.

3.8 Defense of Values

- 3.8.1 Contractor shall, after the final property tax bills have been mailed by Municipality, support and defend the values that were established by Contractor for the year of the revaluation as follows:
- (1) At no additional cost to Municipality, property tax abatement requests that are timely filed with Municipality pursuant to RSA 76:16 shall have:
 - (a) A review, by either a DRA-certified property assessor or a DRA-certified property assessor supervisor; and,
 - (b) The Contractor's written recommendation provided to the municipal assessing officials which an abatement request had been received.
- 3.8.2 Contractor shall provide a qualified representative for the defense of property tax abatement appeals that are timely filed with the Board of Tax and Land Appeals (BTLA) or Superior Court pursuant to RSA 76:16-a and RSA 76:17, whose compensation has been agreed upon by the parties to the contract as stipulated in Rev 602.06(b); and,
- 3.8.3 Appeals to the BTLA or Superior Court:
- (1) Contractor will support and defend values established by Contractor that may have been lowered by municipal assessing officials but shall not be required to support or defend values that have been increased by the municipal assessing officials.

- (2) For utility and special use property tax abatement appeals, Contractor shall provide the services of a DRA-certified property assessor supervisor to testify to and defend values based upon the compensation terms identified in Section 2.7.3 of the contract. Contractor will support and defend values that may have been lowered by the municipal assessing officials during the course of the RSA 76:16 abatement process but will not support or defend values that have been increased by the municipal assessing officials. Depending upon the complexity of the property being appealed, the services of an expert may be required and shall be covered under a separate contract for the services rendered.

3.8.4 All documentation utilized or obtained during the defense of assessed value process shall be relinquished to Municipality.

4. RESPONSIBILITIES OF MUNICIPALITY

- 4.1 The municipal assessing officials shall identify to Contractor, in writing, which properties within the taxing jurisdiction are exempt from taxation.
- 4.2 The municipal assessing officials shall furnish to Contractor information such as but not be limited to: the current ownership information of all property; the physical location of all property; property address changes within Municipality; all property transfer information; a set of current tax maps; zoning maps; plans; building permits; subdivisions; boundary line adjustments and mergers; and, other information as specified by Contractor for the services being provided.
- 4.3 The municipal assessing officials shall keep Contractor informed of all sales of property that occur during the progress of the revaluation.
- 4.4 The municipal assessing officials shall make corrections to tax maps as of April 1 of the revaluation year where lots have been subdivided, or apportioned, and notify Contractor of all ownership and name and address changes.
- 4.5 If requested, suitable office space and equipment, as specified by Contractor, for the use of Contractor's personnel in the performance of the appraisal work shall be provided.

5. INDEMNIFICATIONS AND INSURANCE

- 5.1 Contractor agrees to defend and indemnify Municipality, with which it is contracting, against claims for bodily injury, death and property damage which arises in the course of Contractor's performance of the contract and with respect to which the municipality, with which it is contracting, shall be free from negligence on the part of itself, its employees and agents.
- 5.2 Contractor shall not be responsible for consequential or compensatory damages arising from the late performance or non-performance of the agreement caused by circumstances, which are beyond Contractor's reasonable control.
- 5.3 Contractor shall maintain public liability insurance, automobile liability insurance and workmen's compensation insurance unless Contractor is not required to do so by New Hampshire state law.
 - 5.3.1 The public liability insurance shall be in the form of commercial general liability with the inclusion of contractual liability coverage and shall provide limits of \$1,000,000 each person and \$1,000,000 each occurrence for bodily injury liability, and \$1,000,000 each occurrence for property damage liability; and,
 - 5.3.2 The automobile liability insurance shall be in the form of comprehensive automobile

liability and shall provide limits of \$1,000,000 each person and \$1,000,000 each occurrence for bodily injury liability.

- 5.4 Prior to starting the revaluation, Contractor shall provide certificates of insurance by a State of NH licensed insurer confirming the required insurance coverage for Municipality with which the appraisal Contractor is contracting. The contractor shall submit the certificates to Municipality and provide a copy to the DRA.
- 5.5 Contractor shall provide Municipality and the DRA a ten (10) day advance written notice of the cancellation or material change in the required insurance coverage.

6. PERFORMANCE BOND

- 6.1 Contractor, before starting any revaluation work, shall deliver an executed bond or irrevocable letter of credit in favor of Municipality with which it is contracting to assure faithful and satisfactory performance of the contract, and provide a copy to the DRA. The amount of such bond or letter of credit shall be no less than the amount of compensation to be paid by Municipality to Contractor for services to be performed pursuant to Rev 602, and shall not expire before final values are submitted to and accepted by the municipal assessing officials in accordance with Rev 602.03.
- 6.2 In the event the contract has provided that Municipality shall make no payment until completion of the contract provided in Rev 602.03, no performance bond shall be required.

7. ESTIMATED SIZE OF REVALUATION

- 7.1 It is agreed between the parties that the entire revaluation consists of an estimate of _____ parcels as defined by RSA 75:9. In the event that the number of parcels should exceed _____ % of this estimate, Contractor shall be entitled to additional remuneration of _____ for each parcel that exceeds the original estimate.

8. ADDENDUMS, AMENDMENTS AND APPENDIXES

- 8.1 Addendums, amendments and appendixes pertaining to this contract may be added only by separate instrument in writing and shall meet all requirements of Rev. 602.

9. SIGNATURE PAGE

By signing the contract, Contractor attests that pursuant to RSA 21-J:11 and Rev 602.01(f):

- (1) The contract, any revised contract, and the names and DRA-certified level of all personnel to be employed under the contract has been first submitted to the DRA for examination; and shall not be approved by the DRA until the indemnification and insurance certificates and the performance bond have been submitted to both the municipal assessing officials and the DRA; and,
- (2) No appraisal work shall begin until a copy of this executed contract, and the names and DRA-certified level of all personnel to be employed under this contract, has been submitted to the DRA.

Date: _____

In the Presence of:

Municipality of: _____

Witness Signature

By Authorized Municipal Assessing Officials or Agent:

In the Presence of:

By Contractor:

Witness Signature

President