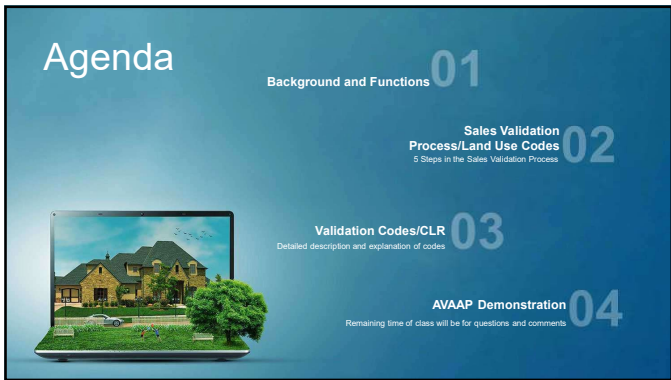
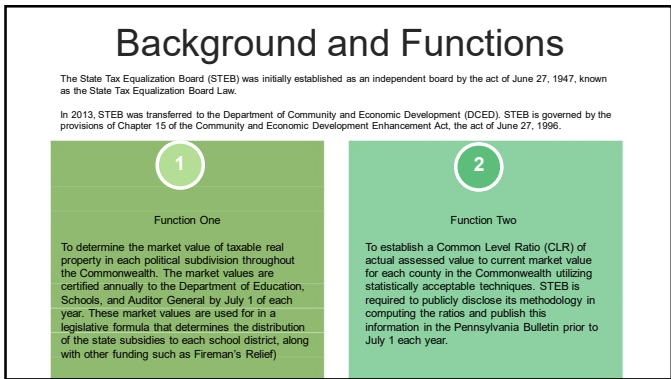


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3

Background and Functions

STEB's functions

Annual Market Values (July 1) for each municipality and S.D.

- Department of Education, Auditor General and School Districts

Mandated in 1982, **Common Level Ratio** (CLR)

- Annually measures assessments to market value sales for each county (July 1)
- Used in the County Assessment Appeal process **ONLY!!!!**

Over the years, STEB's market values and other ratio studies have been broadened to include:

Cross County School Districts

Auditor General's Fireman's Relief Fund

Local library funding

Private Charter Schools funding aids and several others

**there is a period of time for which this established data is only applicable*

4

Background and Functions

Everything STEB does starts at the county level and because of this, there are requested reports, information, and data we need from the counties to complete the legislative mandate.

We are trying to establish best practices for a more standardization of validating sales across the Commonwealth. There is funding linked to this data that comes back to your local communities so please adhere to these best practices.

This is why the Validation Process is **very important** and the reliability of any valuation model or sales ratio study depends on the quality and quantity of its data.

5

Background and Functions

STEB encourages the following:

- All assessors and county staff to verify sales using a Sales Verification Form or resources such as MLS or online realtor apps
- All new Certified Pennsylvania Evaluators (CPEs) and county staff responsible to validate sales to attend a Sales Validation course offered by the AAP once each certification cycle or contact STEB for personal training
- As mandated, all sales are reviewed, validated, and certified by the county
- **ALL** sales are to be reported not just valid sales – besides, STEB pays for each sale submitted

6

[illegible]

9

[illegible]

Land Use Codes

Land Use Codes

STEB Code	Property Type	IAAO Property Use Categories – closely related
1000	Residential	Single-Family Residential Property
1100	Manufactured Home	Manufactured Housing – land or leased land
1500	Seasonal Housing	Single-Family – not primary or year-round
2000	Lot (Vacant less than 10 Acres)	Non-agricultural – vacant residential use
3000	Industrial	Ind/Com
4000	Commercial	Ind/Com/Multi-Family - Income
5000	Agriculture (10 Acres or more)	Agricultural use
6000	Oil/Gas/Min	Special Use/Commercial
9800	Land (Vacant more than 10 Acres)	Non-agricultural land – relates to larger tracts

Land Use Codes

1000/Residential

Residential: includes all residential property types used for human habitation. Residential would include types such as 1-story, 2-story, apartments with 4 or less units, etc.

Living accommodations such as hotels, motels, and apartments with **more** than 4 units are in the Commercial category.

IAAO defines the following:
Residential Property includes any property that is used or designed for use by a one to four family dwelling in which one or more persons reside. Includes Single-Family residences, up to four multifamily units. This category includes each condominium unit in a multi-unit dwelling structure, plus each condominium owner's share of the common area.
[Source: IAAO GLOSSARY FOR PROPERTY APPRAISAL AND ASSESSMENT, 3rd Edition]

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Land Use Codes

1000/Residential

1 Story Residence
2 Story Residence
3 Story Residence
Split Level Residence
Bi-Level Residence
Condominium
Condominium Garage
Duplex
Townhouse

Apartments up to **4** units
Country Estate up to 9.99ac
Multiple Residential dwellings
Church Parsonage
Uninhabitable Residential dwelling
Residential Outbuilding(s): Sheds, etc.
Residential Planned Community Unit
Residential Building on leased land
Residential with In-home Office

Modular Residence with or without a basement: a unit transported on a removable or nonremovable frame designed for residential purposes which is wholly or in substantial part fabricated, formed or assembled in manufacturing facilities for assembly and installation on the building site.
[Defined in section 603(6) of the National Manufactured Housing Construction and Safety Standards Act of 1974 (Public Law 93-383, 42 U.S.C. §5402(6))]

"Tiny Home"

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Land Use Codes

1100/Manufactured Home

Manufactured Home: a portable structure built on a **chassis** and used as a **permanent residential** dwelling unit which includes the terms Mobile Home or Trailer.

*Manufactured Home is a structure, transportable in one or more sections which in the traveling mode, is **8** feet or more in width or **40** body feet or more in length, or where erected on site, is **320** or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein; except that such term shall include any structure which meets all the requirements and with respect to which the manufacturer voluntarily files a certification required by the Secretary and complies with the standards established under this title, and except for such term shall not include any self-propelled RV.
[Defined in section 603(6) of the National Manufactured Housing Construction and Safety Standards Act of 1974 (Public Law 93-383, 42 U.S.C. §5402(6))]*

Manufactured Home - on owned land/lot up to 9.99 acres

Manufactured Home - on leased land/lot up to 9.99 acres

Towable Camper* **permanently fixed** with year-round use and with access to utilities on land up to 9.99 acres

*zoning might play a role in this example

This may be your property code: **T** or **RT**

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Land Use Codes

1500/Seasonal Housing

Seasonal: a residential dwelling unit usually rented or occupied on a seasonal basis. Such as cabins, hunting camps, or "hide-a-ways."

Cabin on owned or lease land/lot up to 9.99 acres
Cottage on owned or lease land/lot up to 9.99 acres
Manufactured Home on owned or leased land/lot up to 9.99 acres
Hunting/Fishing Camp on owned or lease land/lot up to 9.99 acres

This may be your property code: S or RS

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Land Use Codes

2000/Lots

Lots: vacant land less than 10 acres (or up to 9.99 acres) with no permanent structure, residential in its intended use.

Vacant building lot under 1 acre
Vacant building lot 1 to 5 acres
Vacant building lot 5 to 9.99 acres
Unbuildable lot under 10 acres
Common Area for Public Residential Developments (when area is divided and assessed among individual units not assessed with total property value)

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Land Use Codes

3000/Industrial

Industrial: property used for manufacturing and storage of durable and nondurable man-made goods. Such as assembly lines and warehouses.

Manufacturing Plant
Warehouse to 10,000 SQ FT
Warehouse 10,000 to 50,000 SQ FT
Warehouse 50,000 and up SQ FT
Industrial building on leased land
Vacant Industrial lot/land

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Land Use Codes

4000/ Commercial

Commercial: property used for the sale of goods and/or services. Such as businesses, restaurants, and hotels.

Office	Restaurant/Tavern
Store/Retail	Fast Food Restaurant/Diner
Shopping Center	Beer Distributor
Store/Office with Apartments	Grocery Store/Supermarket
Medical Office	Gas Station
Hospital/Clinic	Commercial
Group Residence	Garage/Automotive Dealer
Private Care/Nursing Home	Bed and Breakfast
Day Care Center	Hotel/Lodging Facility
Financial Institution	Private Educational Facility
Condominium Office	Private Educational Dormitory
Apartments over 4 units	Fraternity House
(meaning 5 or more)	Fraternity Organizations

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Land Use Codes

4000/ Commercial - examples continued...

Communications Facility	Swim Clubs
Electric Generating Facility	Dance Clubs
Cell/Communications Towers	Sports Clubs
Taxable Public Utility Facility Buildings	Marina
Air Rights	Manufactured Home Park Manufactured Home
Funeral Home	Park Office
Theatre	Parking Lot/Garage
Racetrack	Indoor Sports Facility
Truck Terminal	Recreational Parks Fairgrounds
Mini-Storage Facility	Campground
Car Wash	Winery
Laundromat	Greenhouse/Nursery(store for commercial use to sell product)
Amusement Parks	Commercial building on leased land
Taxable Art Gallery/Museum	Vacant Commercial lot/land
Golf Course	

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Land Use Codes

5000/Agriculture

Agriculture: property used for the production of crops or livestock. Such as working farms, orchards, vineyards etc.

Farmland with buildings (i.e. Beef, bee, vegetable, poultry, horse, dairy, pork, fruit, and nut)
Horticultural nursery (only land to grow crops - not green house or winery store for selling)
Residential country estate over 10 acres
Manufactured Home/Modular- on owned or lease land over 10 acres*
Camper with year-round with access to utilities on land over 10 acres*
*AT-agriculture trailer
Cabin on owned or lease land over 10 acres**
Cottage on owned or lease land over 10 acres**
Hunting/Fishing Camp on owned or lease land/lot over 10 acres**
**AS-agriculture season

NOTE: AT and AS is different from RT and RS – Agricultural vs. Residential

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Land Use Codes

6000/Oil/Gas/Mineral

Oil/Gas/Mineral: includes parcels used in or necessary adjunct to the provision of mining and quarrying, i.e., oil, gas, limestone, salt, iron, and other mining and quarrying.

Quarry lands
Mineral lands
Mining lands
OGM Pipe lands
OGM lands with storage buildings for equipment

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Land Use Codes

9800/Land

Land: vacant land more than 10 acres with no permanent structure.

Vacant building lot over 10 acres
Common Area for Public Residential Developments (if assessed as a single unit and not divided & assessed among individual units)
Retention Ponds (any size)
Unbuildable lot over 10 acres
Unimproved farmland over 10 acres
Unimproved Recreational Parks/Fairgrounds (any size)
Vacant Mountain/Timberland over 10 acres
Landfill (any size)

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Section Break

Agenda Item 3

Validation Codes/CLR

- Sign all the sign-in sheets to receive credit
- Follow the monitoring procedures
- Silent phones

Please remember by taking this course you are agreeing to abide by both the monitoring and disciplinary procedures and the Code of Conduct set forth by the AAP.

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Validation Codes

*For additional information on validation codes, please refer to the Sales Validation and Submission Operations Manual on STEB's website and the IAAO Standard on Verification Adjustment of Sales

STEB's Validation Codes

Code	Description	Code	Description	Code	Description
00	Valid	08	Forced Sale	17	Lease Purchase
49/50	Valid Clean/Green	09	Multiple Parcel	18	Partial Assessment
01	No Assessed Value	10	Estate Sale	19	Personal Property
02	Family Transfer	11	Land Contract	20	Preferred Assessment
03	Corporate Affiliations	12	Auction	21	Duplicate
04	Government	13	Date of Transfer	22	Other
05	Charitable	14	Time on Market	23	Repository
06	Financial	15	Corporate Relocation	24	Appealed Assessment (2026)
07	Part Interest	16	Doubtful Title	25	Renovations not Assessed* (2026) <small>*must meet criteria</small>

NOTICE: STEB does not include a \$1.00 (dollar) validation code as an option.

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Validation Codes

00/Valid: meets the definition of arms-length sale, where the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by unique stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions where:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their best interests;
- a reasonable time is allowed for exposure in the open market; (can be online, advertised in local paper, etc, this does not mean exclusively listed by a realtor);
- payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

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Validation Codes

49/50 - Valid Clean and Green: meets the definition of arms-length sale, where the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by unique stimulus.

- The sale price must not include rollback taxes.
- No Personal Property or personal Farm Equipment (Tractor, etc.)
- The county must verify these sales and adjust the assessed value to indicate the full assessed value and not use the preferred assessed value amount if the county's CAMA system is not able to separate values.
- No adjustment is made to the sale price.

If the sale does not meet the criteria - invalidate using Code 20: Special/Preferred Assessments

Example:

Parcel 01-001-001 123 Valley Road - Clean/Green Program sold June 1, 2017, for 175,000. This sale fits the criteria of a valid, arms-length sale and no personal farm equipment was included in price.

Preferred AV: 50,000

AV or Market Assessed: 125,000

Sale Price: 175,000

The sale submitted should be:

Sale Price = 175,000 and Assessed Value = 125,000

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Validation Codes

01/No Assessed Valuation: Sale of property conveying only a portion of the assessed unit and/or have no assessed value at time of Transfer.

Examples: Subdivisions or Splits.

NOTICE this says, "No Assessed Valuation" not No Sale Price not \$1.00 SP...we get countless of sales being invalidated using this code because the deed shows \$1.00

100 Acre Tract:
Subdivided into 100 One Acre Lots
Assessed Value of 100 Acre is 500,000

First parcel sells for 50,000 but Assessment Office does not have a new AV



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Validation Codes

02/Family Transfer: Sales between close relatives (parents, children, aunts, uncles, nephews, nieces, grandparents) are usually non-open-market transactions.

*Not necessarily an automatic rejection, where the property was advertised or listed and full market price paid.



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Validation Codes

03/Corporate Affiliations/Acquisitions or Divestments: Sales between Corporate Affiliates are usually non-open-market transactions involving business considerations not related to the real estate. Sales between related entities will most likely be invalid because they would be considered **corporate affiliates**. Acquisitions or divestments by large corporations, pension funds, or real estate investment trust (REITs) that involve multiple parcels typically are invalid sales for ratio studies.

To be clear...

These are "alike" businesses transferring on a non-open market. i.e. Lowes to Home Depot, Walmart to Sams, Hilton to Holiday Inn, etc. Corporate affiliates which acquire and/or sell off some of the investment holdings within the company.

These are NOT Renee Reynolds doing business as Reynolds LLC and buying property to rent. This NOT your local Bar/Restaurant under an LLC name purchasing or selling the real property.

REAL ESTATE INVESTMENT TRUST (REIT)	
REIT or real estate investment trust is a type of investment vehicle that allows individuals to invest in real estate or related assets with an intention to earn income. REITs are similar to mutual funds.	
FEATURES	ADVANTAGES
<ol style="list-style-type: none">1. Min. 75% investment of in real assets2. Must reinvest 75% from investment3. Distribute minimum 90%4. Have at least 100 shareholders5. REIT and Trusts must charge6. Taxable as corporation	<ul style="list-style-type: none">• Trade on Stock Exchange• One can easily buy and sell the REIT shares• Investors can expect a dividend income of 50%• Diversification of Portfolio possible
TYPES OF REIT	DIS - ADVANTAGES
<p>Equity REIT, Mortgage REIT, Hybrid REIT, Public Real Estate REIT, Private REIT</p>	<ul style="list-style-type: none">• Limited growth opportunities• Dividends are taxed as usual• Performance depends upon real estate sector.

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Validation Codes

04/Government/Public Utility: Sales to government agencies can involve an element of compulsion and often occur at prices higher than would otherwise be expected. When the governmental agency is the seller, values typically fall on the low end of the value range. The latter should not be considered in model calibration or ratio studies unless an analysis indicates governmental sales have affected the market in specific market areas or neighborhoods. Sales to or from any governmental agencies are usually invalid.



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Validation Codes

05/Charitable/Religious/Educational Institutions or other Tax-Exempt Agencies: A sale to such an organization can involve an element of philanthropy, and a sale by such an organization can involve a nominal consideration or restrictive covenants. These sales often involve partial gifts and therefore are generally not representative of market value. Sales of a tax-exempt property are generally invalid.

*Not necessarily an automatic rejection, where the property was advertised or listed and full market price paid.

Church may buy a vacant lot; this transaction may not necessarily be invalid. Please read the deed and understand the conveyance and not just read the names listed in the deed.



The Institutions of Purely Public Charity Act 10 P.S. § 371, et seq.

HUP test, an entity must meet all the following requirements:

- Advances a charitable purpose;
- Donates or renders gratuitously a substantial portion of its services;
- Benefits a substantial and indefinite class of persons who are legitimate subjects of charity;
- Relieves the government of some of its burden; and
- Operates entirely free from private profit motive.

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Validation Codes

06/Financial Institutions: These sales are often made in lieu of foreclosure and are not exposed to the open market. The majority of the sales in which the financial institution is the seller are properties that were formerly foreclosed on by the financial institution. Also, they are easily identified because the seller is the financial institution. These sales typically are on the low side of the value range because the financial institution is highly motivated to sell and may be required by banking regulations to remove the property from its books. The longer the property is carried on the books by the financial institution, the lower the asking price is likely to be. If the financial institution was ordered by banking regulators to dispose of the property regardless of the sale price, the sale should not be included as a valid transaction. However, open-market sales in which a financial institution is a willing buyer, such as the purchase of vacant land for a branch may be considered potentially valid transactions. Sales in which a financial institution is the seller typically should be considered as potentially valid for model calibration and ratio studies if they comprise more than 20 percent of sales in a specific market area.

***If these sales are valid, they must be noted with justification for STEB**

*Not necessarily an automatic rejection, where the property was advertised or listed and full market price paid.

Banks/Credit Unions may buy a vacant lot to build; this transaction is not invalid. Please read the deed and understand the conveyance and not just read the names listed in the deed.

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Validation Codes

07/Part Interest: A sale involving a conveyance of less than the full interest in a property should be excluded as a valid transaction. Sometimes all the partial interest owners of a property may agree to syndication and sell their portions of the estate to a buyer (typically on the same day). However, the sum of all the sale prices may not necessarily indicate the market value of the whole property. These transfers should not be used as valid sales without thorough testing, analysis, and documentation.

Examples: The sale of a 1/3 interest, sale of the mineral rights or sale of an improvement subject to a ground lease.



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Validation Codes

08/Forced/Sheriff: These sales should never be considered for model calibration or ratio studies. The seller in these sales is usually a sheriff, receiver, or other court officer. A foreclosure is not a sale but the legal process by which a lien on a property is enforced. It is a legal proceeding to terminate a mortgagor's interest in property, instituted by the lender (the mortgagee) either to gain title or to force a sale in order to satisfy the unpaid debt secured by the property. These sales are often made in lieu of foreclosure and are not exposed to the open market.

Examples: These sales usually include all sales from the Sheriff, Tax Claim Bureau and other forced sales, including sales pursuant to judicial order.



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Validation Codes

09/Multiple-Parcel: A multiple-parcel sale is a transaction involving more than one parcel of real property. These transactions present special considerations and should be researched and analyzed prior to being used for valuation or ratio studies. If the appraiser needs to include multiple-parcel sales, it should be determined whether the parcels are contiguous and whether the sale is a single economic unit or multiple economic units. Regardless of whether the parcels are contiguous, any multiple-parcel sale that involves multiple economic units generally should not be used in valuation or ratio studies. The sum of the appraised values for the parcels involved in the transaction should be compared to the total sale price (though IAASB Standards include this last sentence, it is generally not recommended by STEB). **When this code is used to invalidate the sale, BE SURE to INVALIDATE ALL parcels included in the sale!!!**

Blanket transactions where multiple properties transact under a single value and individual values cannot be attributed from the whole.

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Validation Codes

10/Estate Sale: A conveyance by an executor or trustee under powers granted in a will may not represent fair market value, particularly if the sale takes place soon after the will has been filed and admitted to probate in order to satisfy the decedent's debts or the wishes of an heir.

*Not necessarily an automatic rejection, where the property was advertised or listed and full market price paid.



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Validation Codes

11/Land Contract: Land contracts (also known as contracts for deeds) and other installment purchase agreements in which title is not transferred until the contract is fulfilled require careful analysis. Deeds in fulfillment of a land contract often reflect market conditions several years in the past, and such dated information should not be considered. Sales data from land contracts also can reflect the value of the financing arrangements. In such instances, if the transaction is recent, the sale price should be adjusted for financing, if warranted, and included as a valid transaction. Because the contract itself often is not recorded, discovery of these sales is difficult until the deed is finally recorded. The sale then is likely to be too old to be used.



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Validation Codes

12/Auction: An auction where the seller is required to sell the property for whatever the bid is offered are known as absolute auctions and are always considered an invalid transaction.

However, if there is no such requirement and:

Auction sales have been advertised, well attended and the seller has no bid clause are very often valid sales. The sale may tend to be on the lower end of the spectrum but nevertheless, it is a valid sale. If the sale is not an absolute auction, the seller can indicate the lowest bid that will be accepted for the property, or it will not be sold (right of refusal - bid with reserve). These auctions may be considered potentially valid transactions if all other criteria of an open market arm's length transaction are met.



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Validation Codes

13/Date of Transfer: This is the date on which the sale was closed or completed. Not all jurisdictions require recordation of deeds; therefore, the deed date should be considered the most reliable date of sale, not the recording date. If a copy of the deed is not available, the date on the sales verification questionnaire should be used.

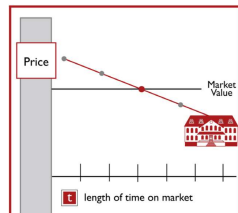


40

Validation Codes

14/Time on Market: Sales of properties that have been exposed to the open market too long, not long enough, or in some cases not at all, may not represent market value. The jurisdiction should monitor typical marketing time. The typical marketing time may be longer in a depressed market. While the "method of marketing," preferred is for properties to be listed by realtors, other methods can be considered especially when the sample size is limited or non-representative of market conditions. Some other considerations can be auctions, FSBO, internet, sealed bids, Word-of-Mouth, but please note, it does not mean automatic rejection.

PLEASE NOTE: this is not an automatic rejection. This is one of the most used codes by counties to invalidate a sale for which may or may not be because of the S/A Ratio. Counties will need to have a policy established and maintain it consistently and not pick and choose when to use this code.



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Validation Codes

15/Corporate Relocation Company: When a relocation company takes possession of a property it is in order to liquidate the property. This can be very difficult to identify because the relocation company isn't always mentioned in the deed. There are many additional fees associated with Relocation Companies that are not a part of the normal real estate transaction which will inflate the price.

*Not necessarily an automatic rejection, where the property was advertised or listed, full market price paid and known facts of fees. Again, another good example of adjusting the sale price.

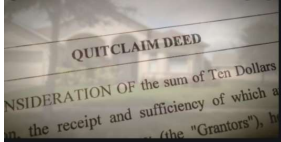


42

Validation Codes

16/Sale of Doubtful Title: Sales in which title is in doubt tend to be below market value. When a sale is made on other than a warranty deed, there is a question of whether the title is merchantable.

A quitclaim deed is an example.



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Validation Codes

17/Lease Purchase/Leaseback: A leaseback is defined as the sale of a building, land, or other property to a buyer under special arrangements for simultaneously leasing it on a long-term basis to the original seller, usually with an option to renew the lease. These transactions are also referred to as sale and leaseback and sale-leaseback. Leasebacks occur in the commercial and industrial class of property. Sales involving leasebacks are generally invalid because the sale price is unlikely to represent the market value of the property. This can be determined only by further verification of the sale. Typically, the land and location is purchased, the building erected, and the property sold with a long-term leaseback clause. A major benefit of the leaseback is cash-flow issues.



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Validation Codes

18/Partial Assessment: Sales where the sale price includes the improvement, but the assessment office has not yet assessed the new construction are invalid for ratio studies. Should already exist AT TIME OF SALE.

Example: Sale Price 350,000

AV	Land	50,000
	Bldg	0*
	Total	50,000

*Bldg has not been picked up or assessed yet, but SP (deed) is for Land and Bldg

CAMA sales report will show: SP 350,000 AV 50,000 but this is NOT a valid sale.

NOTE: If the Bldg already exists at time of sale and it is a matter of the assessment office not getting out to the field to pick it up; but can be field checked within a month. The sale can be held until the full value is placed on the property and then submitted as a valid sale. Please pay careful attention to the Land Use codes when doing this. If the sale, as described in the example is on the tax rolls as a vacant LOT but once the full assessment is applied and it becomes a RESIDENTIAL, please be sure to update the sale for submission.

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Validation Codes

19/Equipment/Personal Property: Sale that includes Personal Property (tangible and intangible) most often is invalid unless the consideration paid for the real estate is set forth.

*Not automatic rejection is price of real estate and personal property are clearly identified.

Tangible personal property includes items such as:

- Furniture
- Equipment
- Vehicles
- Household/Business Goods

Intangible personal property includes items such as:

- Stocks
- Bonds
- Intellectual property
- Money

Example: Building a shed; the materials such as the lumber, nails, tools used are all Personal Property. Once the shed is built and fixed to the land it become Real Property.

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Validation Codes

20/Special or Preferred Assessments (i.e. Clean & Green, Lorta, KOZ, TIF, PILOT, etc.):

The sale of properties which include special tax abatement programs. These sales will generally be considered invalid for ratio studies. They may be considered valid if the reviewer's research indicates the price paid was comparable to similar properties sold on the open market and not influenced by the preferential assessment AND FULL MARKET ASSESSMENT can be submitted in place of the preferred assessment.



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Validation Codes

21/Duplicate Sale/Deed of Correction: Sale of a property that occurs more than once in the same calendar year. A transfer of property is done for the sole purpose of correcting defects in the title. These sales usually have no consideration.

Example:

- Name correction
- Adding or removing a name
- Legal Description - acreage or boundary line correction
- Rare, but sometimes may be to correct the consideration



Note: when a duplicate sale occurs in the same reporting year, one of the same may be valid so research may be needed.

Example: Purchased from Tax Sale - No but then the owner takes out a building permit to renovate property and the assessment has been updated to reflect the renovations, and then the owner lists it for sale three months later in same reporting year. Valid? YES

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Validation Codes

22/Other (Needs Explanation): This code requires explanation why the appraiser feels the sale should be invalid. A sale should not be rejected as invalid unless a specific reason to do so is identified.

Examples: Court Orders and Adjoining Property owners.

*This code and Code 14: Time of Market, are the most overused validation codes and may appear to be subject for Sales Chasing!



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Validation Codes

23/Sale from Repository: This code is used when a sale has occurred for a property that has been placed on a Repository List after the property has failed to sell at a Judicial Tax Sale. Often times the sale price will be required to be set a county minimum value or much lower than market price.

Note: same example as used in duplicate code; which if the new owner made improvements and a new assessment was completed, and then the sells the house after these events have occurred, the sale would be valid.

Tax Number	Property Address	Owners	Price
45-52-2713	114 Pine Street		1,247
45-52-28	223 Railroad Street		2,047
45-8-184	119 Market Street		1,484
45-11-1791	133 Gay Street		2,088
45-11-241	101 Calumet Street		1,668
45-14-148	246 Van Gelder Street		1,315
45-16-122	1 Cherry Street		1,249

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Validation Codes

New Validation Code for 2026

24/Appealed Assessment: This code may be used when a property sells, and the assessment has been adjusted to reflect an assessment appeal value which is different from the base year assessment value.

If using this code, be sure to outline your office policy and be consistent in its use.



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Validation Codes

New Validation Code for 2026

25/Renovations not Assessed: This code may be used when a property sells for which has **significant** renovations that are not represented in the current assessment value or base year assessment. STEB recommends a 20% change in improvement. This percentage is a guideline to maintain consistency statewide. This is just a suggested percentage, as STEB is aware of different market areas that this percentage may not reflect the best conditional margin of physical changes. If using this code, be sure to outline your office policy and be consistent in its use.

What constitutes as "significant"?

IAAO states in the Standard for Sales ratio Studies in section 5.6.3: Property Characteristic Changes, "Sales data files should reflect the physical characteristics of the property when sold. For ratio studies, if **significant** physical changes have occurred to the property between the date of sale and the appraisal date, the sale should not be included. The sale may still be valid for mass appraisal modeling by matching the sale price to the characteristics existing on the date of sale. For consistency in application, written guidelines should be provided as to what constitutes significant change."

When does renovations, not assessed, meet the threshold of valid or invalid?

IAAO gives the example, if an improvement of \$3,500 may not be significant for a property with a selling price of \$255,000 (1.4 percent) but is significant for a property selling for \$21,000 (16.7 percent).

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Section Break

Up next: CLR

- Sign all the sign-in sheets to receive credit
- Follow the monitoring procedures
- Silent phones

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STEB Website

<https://dced.pa.gov/local-government/boards-committees/tax-equalization-division/>

Under: County Assessment User (only)

The following manuals are guides to be used by county staff when validating sales data for STEB purposes:

- PA-TEDtrac County User Manual
- PA-TEDtrac Upload Document Process
- STEB Sales Validation and Submission Operations Manual

**ALL STEB manuals will be updated in the near future.*

Don't forget you have the AAP Self-Evaluation Guide as reference tool

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Sales Chasing

IAAO STANDARD ON RATIO STUDIES—2013

Sales chasing is the practice of using the sale of a property to trigger a reappraisal of that property at or near the selling price. If sales with such appraisal adjustments are used in a ratio study, the practice causes invalid uniformity results and causes invalid appraisal level results, unless similar unsold parcels are reappraised by a method that produces an appraisal level for unsold properties equal to the appraisal level of sold properties.

By extension, any practice that causes the analyzed sample to misrepresent the assessment performance for the entire population as a result of acts by the assessor's office. A subtle, possibly inadvertent, variety of sales chasing occurs when the recorded property characteristics of sold properties are differentially changed relative to unsold properties. Then the application of a uniform valuation model to all properties results in the recently sold properties being more accurately appraised than the unsold ones.

If there is a high concentration around the median ratio, there is an assumption of sale chasing.

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Common Level Ratio

The Common Level Ratio (CLR) is a ratio that measures how a county's assessment values compare with current sales data.

The ONLY use for the CLR is in the assessment appeal process.

The CLR is applied **after** the Board of Assessment Appeals/Revisions establishes a fair market value, based on evidence by the appellant, to calculate a revised assessment value. The CLR is never used for any other purpose.

For the multiplier, visit the Dept. of Revenue or convert the CLR by dividing 100 into the ratio but please don't confuse the two, they have very different uses and purposes!

Current methodology is developed by comparing the recent sales price with the actual assessment of a property which is collected monthly for a period of only one calendar-year, along with an interquartile range trimming method to exclude any outliers. The median result become the county's CLR.

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Common Level Ratio

Discussion: Do you use PDR or CLR if less than 15%?

CHAPTER 88
CONSOLIDATED COUNTY ASSESSMENT

§ 8854. Appeals to court.

(a) Court of common pleas.--

(1) Following an appeal to the board, any appellant, property owner or affected taxing district may appeal the board's decision to the court of common pleas in the county in which the property is located in accordance with 42 Pa.C.S. § 5171(b) (relating to appeals generally) and local rules of court.

(2) In any appeal of an assessment the court shall make the following determinations:

(i) The market value as of the date the appeal was filed before the board. In the event subsequent years have been made a part of the appeal, the court shall determine the market value for each year.

(ii) The common level ratio which was applicable in the original appeal to the board. In the event subsequent years have been made a part of the appeal, the court shall determine the applicable common level ratio for each year published by the State Tax Equalization Board on or before July 1 of the year prior to the tax year being appealed.

(3) The court, after determining the market value of the property pursuant to paragraph (2)(i), **shall then apply the established predetermined ratio to that value unless the corresponding common level ratio determined pursuant to paragraph (2)(ii) varies by more than 15% from the established predetermined ratio, in which case the court shall apply the applicable common level ratio to the corresponding market value of the property.**

(4) If a county has effected a countywide revision of assessments which was used to develop the common level ratio last determined by the State Tax Equalization Board, the following shall apply:

(i) If a county changes its assessment base by applying a change in predetermined ratio, the court shall apply the percentage change between the existing predetermined ratio and the newly established predetermined ratio to the county's common level ratio to establish the certified revised common level ratio for the year in which the assessment was revised.

(ii) If the county performs a countywide revision of assessments by revising the properties and applying an established predetermined ratio, the court shall utilize the established predetermined ratio instead of the common level ratio for the year in which the assessment was revised and until the common level ratio determined by the State Tax Equalization Board reflects the revising of properties resulting from the revision of assessments.

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Common Level Ratio

JUST FOR FUN...

Sale #	Assessed Value	Sale Price	A/S Ratio
1	10,000	18,250	.55
2	9,450	21,000	.45
3	18,150	60,500	.30
4	7,200	18,000	.40
5	7,700	22,000	.35
Total	52,500	139,500	

Sale #	A/S Ratio Reorder
3	.30
5	.35
4	.40
2	.45
1	.55
Sum	

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Agenda Item 4

AVAAP

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