

# TOOLS OF THE PROFESSION

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## INTERMEDIATE REAL PROPERTY TAX SCHOOL



May 15 - 20, 2011  
Marriott Kingsgate Conference Center  
University of Cincinnati • Cincinnati, Ohio



INSTITUTE FOR PROFESSIONALS IN TAXATION



## Faculty

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# TOOLS OF THE PROFESSION

2011 INTERMEDIATE REAL PROPERTY TAX SCHOOL  
University of Cincinnati • Cincinnati, Ohio  
Marriott Kingsgate Conference Center  
May 15 - 20, 2011

This offering is a comprehensive, five-day school for property tax professionals who have some experience in the real property area. The purpose of the program is to provide students with a fundamental and integrated knowledge of property tax principles, concepts and technical skills essential to the field. The course is designed to investigate in-depth the real property tax valuation process and related subjects.

## Who Can Attend

This course is open to IPT members, employees of companies who have members in IPT, and employees of governmental agencies.

## Institute for Professionals in Taxation

The Institute, founded in 1976, is dedicated to a high degree of professionalism with a strict Code of Ethics for its members, to uniform and equitable administration of state and local taxes, and to minimizing the cost of tax administration and compliance.

## Program Committee

Chair  
Jonathan W. Ponader, MAI

Vice-Chair  
Michael D. Larson, CMI, ASA

Overall Chair, Property Tax Education  
Mark F. Semerad, CMI, Esq.



SUNDAY, MAY 15, 2011

- 3:00 - 6:00 pm     **Registration**
- 4:00 - 6:00 pm     **Pre-Course Session:  
Review of & Introduction to Real Property  
Valuation Concepts** (Attendance optional)

During this session, concepts introduced in the Property Tax School will be reviewed as a preface to this Intermediate School. Additionally, financial concepts and formulas for time value of money will be reviewed along with the utilization of calculators. This overview and practice material will also be made available electronically upon registration. The committee encourages all registrants to review this material before arriving at the school.

All students must bring a financial calculator. The HP12C is the preferred financial calculator for the course. All instruction is based upon using the HP12C calculator. Instructors have limited familiarity with the HP19B-II and the HP17B-II and are not familiar with other financial calculators. There will be no instruction with other financial calculators. Students will be expected to be familiar with and understand the operation of their calculator for time value of money and cash flow calculations **in advance of the course**. The faculty will provide only limited assistance in using the calculators.

The objective of this review and introduction is to reinforce students' understanding of the following topics, based on work experience and/or learning from the Property Tax School.

- Appraisal Document and Process
- Valuation
- Direct Sales Comparison Approach
- Cost Approach
- Income Approach
- Reconciliation

For detailed learning objectives for this session, [click here](#).

- 6:30 - 8:30 pm     **Get-Acquainted Informal Dinner/  
Orientation: (Mandatory)** Students will acquaint themselves with their colleagues.
  - IPT Welcome and Brief Highlights of IPT Activities
  - Overview of Course
  - IPT Code of Ethics

8:30 - 11:00 pm     **Study Room Available**

MONDAY, MAY 16, 2011

- 6:30 - 7:45 am     **Buffet Breakfast** (Guests of Hotel)
- 8:00 - 12:00 Noon     **Lecture & Workshop:  
The Income Approach to Value**



This section covers the income approach to value in concept and application. Students will study *direct capitalization, yield capitalization* and *discounted cash flow models*. Instructors should strive to clearly delineate differences between the techniques. Differentiation should help students to identify the circumstances requiring the application of each technique.

For detailed learning objectives for this session, [click here](#).

- 12:00 Noon     **Lunch**
- 1:00 - 4:30 pm     **Lecture & Workshop:  
The Income Approach to Value** (continued)
- 4:30 pm     **Wrap Up and Review**
- 6:00 - 9:00 pm     **Dinner** (Guests of Hotel) (Available in Main Dining Room)
- 7:00 - 11:00 pm     **Study Room Available**

TUESDAY, MAY 17, 2011

- 6:30 - 7:45 am     **Buffet Breakfast** (Guests of Hotel)
- 8:00 - 9:00 am     **Quiz and Review**
- 9:00 - 12:00 Noon     **Lecture & Workshop:  
The Cost Approach to Value**

This section covers the cost approach in concept and application. Students will study *the cost approach procedure, types of costs, sources of building cost estimates, and types of depreciation*.

- Foundations of the cost approach
- Estimating cost new of improvements
- Estimating total depreciation
- Estimating value via the cost approach

For detailed learning objectives for this session, [click here](#).

- 12:00 Noon     **Lunch**
- 1:00 - 4:30 pm     **Lecture & Workshop:  
The Cost Approach to Value** (continued)
- 4:30 pm     **Wrap Up and Review**
- 6:00 - 9:00 pm     **Dinner** (Guests of Hotel) (Available in Main Dining Room)
- 7:00 - 11:00 pm     **Study Room Available**





**WEDNESDAY, MAY 18, 2011**

- 6:30 - 7:45 am **Buffet Breakfast** (Guests of Hotel)
- 8:00 - 9:00 am **Quiz and Review**
- 9:00 - 12:00 Noon **Lecture & Workshop:  
The Sales Comparison Approach to Value**

In this section students learn to process the Sales Comparison Approach to value. Instructors will identify the aspects of sales that typically require adjustment. Methods of obtaining adjustments are discussed and a sample grid is developed. Finally, students learn the critical factors to consider in reconciling the various indications of value.

- Factors affecting price
- Adjustment techniques
- Preparing a sales comparison grid
- Correlation and final value estimate
- Analysis and presentation of sales information
- Sales comparison approach industrial properties issues

For detailed learning objectives for this session, [click here](#).

- 12:00 Noon **Lunch**
- 1:00 - 2:30 pm **Lecture & Workshop:  
The Sales Comparison Approach to Value  
(continued)**
- 2:30 - 4:30 pm **Lecture & Workshop:  
Sales Ratio Studies and Mass Appraisals**

**Equalization and Ratio Studies**

This section introduces the concept of ratio studies and equalization. It is intended to acquaint participants with relevant terminology and general processes.

- Equalization
- Assessment Ratio Studies

**Mass Appraisal**

This section covers mass appraisal in concept and application. Students will learn the basic procedures of mass appraisal, strengths, weaknesses and inherent problems. Instructor will emphasize a general understanding of how mass appraisal works, model interpretation and overall determinants of accuracy. Mass appraisal is merely a statistical tool, usually computerized version of the sales comparison approach.

- Standard Models of Valuation
- Mass Appraisal Model
- Model Considerations
- Focus Issues When Assessed Via Mass Appraisal
- Alternative Uses of Mass Appraisal Techniques

For detailed learning objectives for this session, [click here](#).

- 4:30 pm **Wrap Up and Review**

- 6:00 - 9:00 pm **Dinner** (Guests of Hotel)  
(Available in Main Dining Room)
- 7:00 - 11:00 pm **Study Room Available**

**THURSDAY, MAY 19, 2011**

- 6:30 - 7:45 am **Buffet Breakfast** (Guests of Hotel)
- 8:00 - 9:00 am **Quiz and Review**
- 9:00 - 10:00 am **Lecture:  
Summation of Approaches/Reconciliation  
of Value**

This section discusses the function of the reconciliation process within the appraisal process. The discussion focuses on:

- Reconciliation process
- Reconciliation criteria
- Final value estimates
- Conclusion

For detailed learning objectives for this session, [click here](#).

- 10:00 - 12:00 Noon **Lecture:  
Legal Perspective and Implications**

This section places property tax management in a legal context. The three approaches to value and mass appraisal are discussed in light of their acceptance by assessment and legal authorities.

- Property tax in the American governmental structure
- Success before assessors, appeal agencies, and courts
- Potential weaknesses and how to avoid them
- Potential strengths and how to exploit them

For detailed learning objectives for this session, [click here](#).

- 12:00 Noon **Lunch**
- 1:00 - 2:00 pm **Lecture:  
Ethics**

This section discusses ethics as it relates to tax professionals and IPT's Code of Ethics.

For detailed learning objectives for this session, [click here](#).

- 2:15 - 5:00 pm **Course Review**
- 6:00 - 9:00 pm **Dinner** (Guests of Hotel)  
(Available in Main Dining Room)
- 7:00 - 11:00 pm **Study Room Available**

**FRIDAY, MAY 20, 2011**

- 6:30 - 7:45 am **Buffet Breakfast** (Guests of Hotel)
- 8:00 - 10:30 am **Final Examination**
- 10:30 am **Course Concludes**





## GENERAL INFORMATION

### Location/Transportation

The Marriott Kingsgate Conference Center is located approximately 20 miles from the Cincinnati International Airport. Airport Executive Shuttle provides transportation to the Conference Center. The cost is currently \$20 one-way, per person, \$30.00 roundtrip, and advance reservations are required. You must contact Airport Executive Shuttle at (800) 990-8841 toll free or call (859) 261-8841. The cost of a cab one-way is approximately \$40. Current overnight parking is \$9 per night for in/out privileges or \$9.00 for a one-time exit.

### Accommodations

There are separate costs for the hotel package. Please refer to the hotel reservation form. All registrants and instructors are expected to reside at the Marriott Kingsgate Conference Center on the Campus of the University of Cincinnati. The only permissible exceptions are those individuals who reside in the Cincinnati area (see following paragraph). The hotel is located above the Conference Center. The single-occupancy rate for the five-night stay Sunday to Friday noon is \$225 per night plus applicable tax. For double-occupancy, please contact the hotel for the applicable per person rate.

This package plan for five nights includes 5 breakfasts, 4 lunches, and 5 dinners for one occupant. There is no lunch or dinner on Friday. The package plan also includes restaurant gratuities. For those arriving before Sunday or staying Friday, the daily charge is \$144 plus applicable state and local taxes. This rate does not include any meals. The hotel accepts all major credit cards.

Cincinnati area registrants are encouraged to stay at the hotel. Peer interaction is an essential part of the program. Should election be made, however, not to stay at the Conference Center, there is a supplemental registration fee of \$475 to cover some of the overhead costs that are a part of the hotel package fee; including the cost of lunch Monday through Thursday, dinner Sunday, refreshment breaks, the conference center fees, and parking. This supplemental fee must be submitted by anyone not under the room package rate. For detailed information on the hotel and conference center, click on the link that follows for the Marriott Kingsgate Conference Center. <http://www.kingsgatemarriott.com>

### Course Materials

Overview and practice material will be made available by electronic means to all students upon registration. **All registrants are strongly encouraged to review this pre-course material before arriving at the school.** Doing so will enhance the learning outcomes for everyone.

All students must bring a battery-operated financial calculator. Calculators are not available at the course site. The course material requires present value calculations. The HP12C is the preferred financial calculator for the course. All instruction is based upon using the HP12C calculator. Instructors have limited familiarity with the HP19B-II and the HP17B-II and are not familiar with other financial calculators. There will be no instruction with other financial calculators. Students will be expected to be familiar with and understand the operation of their calculator for time value of money and cash flow calculations **in advance of the course**. The faculty will provide only limited assistance in using the calculators. All registrants are provided, in advance, a link to an online calculator tutorial with sample problems.

*The Appraisal of Real Estate*, 13th Edition, by the Appraisal Institute is an excellent reference book for real property tax professionals. **Although the book is not required, references are made to it during the course, and the information, terms and explanations contained in the book are very beneficial.** For information on how to obtain the book, go the Appraisal Institute's website at <http://www.appraisalinstitute.org/>

Registrants are encouraged to use the IPT textbook, *Property Taxation*, 3rd Edition, as a reference resource. Members can purchase the book online at IPT's website by logging on to the "members only" section.

Photos will be taken at this event. These photos may be published in IPT publications, in print, multimedia presentations and/or on IPT's website. Your attendance at this event grants IPT the right to publish these photos.

Fluency in English is required for successful completion of this course. Foreign language dictionaries may not be used during examinations.

Studies have shown that the optimum classroom temperature is 65°. The University maintains an optimum learning environment. Please bring appropriate sweaters or long-sleeved shirts to class.

The registration desk will be open from 3:00 p.m. – 6:00 p.m. on Sunday, May 15, 2011. Registrants should pick up their materials at this time.

### Registration

Registrations must be completed in advance through the IPT office and are accepted on a first-received basis. Submitting a registration form or registering online does not guarantee acceptance to the course. There will be a maximum number of registrants accepted per company. Enrollment is limited to IPT members, employees of companies who have members in IPT, and also to employees of governmental agencies. Full refunds will be issued if an application is not accepted. **Please Note:** If a submitted application received by IPT is accepted, and the



person declines the acceptance, there will be a \$100 cancellation penalty imposed even if payment has not been processed. **Acceptance letters will be sent to registrants by April 1st, 2011.**

Please click [here](#) for the registration form.

In order to encourage early registration, registration fees (in U.S. funds) are:

**Payment Received by April 15, 2011:**

- \$775 Individual personally holds membership in IPT
- \$975 Individual does not hold membership, but company/firm has members in IPT
- \$975 Individual is a government employee
- \$475 Supplemental registration fee. Applies to local registrants and registrants not staying at the hotel under the IPT group rate.

**Payment Received after April 15, 2011:**

- \$800 Individual personally holds membership in IPT
- \$1,000 Individual does not hold membership, but company/firm has members in IPT
- \$1,000 Individual is a government employee
- \$475 Supplemental registration fee. Applies to local registrants and registrants not staying at the hotel under the IPT group rate.

All registrations must be paid in full within three weeks of acceptance and prior to the school. **For any payment received after April 15, 2011, there is a \$25.00 surcharge assessed. This includes faxed registration forms received without payment prior to this date.** A \$50.00 surcharge applies if payment is still outstanding as of May 20, 2011. All fees must be in U.S. funds.

The following credit cards can be used: American Express, VISA and MasterCard. In order for the credit card to be processed, it is important that the information requested on the registration form be filled out completely. If the address on your registration form differs from the billing address for your credit card, you must provide IPT with the credit card billing address.

Make check payable to: Institute for Professionals in Taxation, and remit to: Building 600, Suite L-2, 1200 Abernathy Road, N.E., Atlanta, GA 30328.

### Cancellation /Substitution Policy

Refunds, subject to a cancellation charge of \$100, will be made upon written notification of cancellations received by May 1, 2011. No refunds will be made after May 1, 2011. Refunds will be processed after the program concludes. There is also a substitution charge of \$40 before April 15, 2011. After this date, the substitution charge is \$50 (plus the cost of delivery of any materials, etc.). For more information regarding IPT's administrative policies such as complaint and refund, please telephone our office at (404) 240-2300.

### Continuing Education Credit

Approximately Forty (40) continuing education credits including one (1) IPT Ethics credit hour are available for full attendance. In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour. CMI's will obtain credit on an hour-to-hour basis for attendance.

The Institute for Professionals in Taxation is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN, 37219-2417. Web site: [www.nasba.org](http://www.nasba.org).

In order to meet the requirements of regulatory agencies, each attendee must scan their individual badge during the first 15 minutes of each session.

**Prerequisites:** Basic Property Tax School or 3 or more years of property tax experience is recommended. **Program Level:** Intermediate **Field of Study:** Taxation and Regulatory Ethics **Instructional Method:** Group Live **Advance Preparation Required:** Basic familiarity with the individual's calculator and with basic appraisal techniques. A tutorial on the recommended HP12C calculator and a document reviewing appraisal techniques will be sent to all registrants for review, along with their confirmation, before the school.

### CMI Designation - Property Tax

The Institute for Professionals in Taxation's designation, Certified Member of the Institute (CMI), is available to anyone who meets specific educational requirements, has five years of property tax experience, and is an active member of the Institute in good standing. The educational requirements to achieve the CMI Property Tax professional designation include successful completion of any two of the following IPT property tax schools: 1) Property Tax School (basic), 2) Intermediate Personal Property Tax School, or 3) Intermediate Real Property Tax School. Finally, successful completion of both the written and oral CMI examinations is required. The CMI requirements and the CMI Candidacy Application can be downloaded from the IPT website at: [www.ipt.org](http://www.ipt.org).

**ACCOMMODATIONS:** Students and instructors are expected to reside at the Marriott Kingsgate Conference Center at the University of Cincinnati, Cincinnati, Ohio. The only permissible exceptions are those individuals who reside in the Cincinnati area (see following paragraph.) The hotel is located above the Conference Center at 151 Goodman Drive. The single-occupancy rate is \$225 per night for five nights plus applicable tax. For one occupant, the room package for Sunday to Friday provides for 5 full breakfasts, 4 lunches, 5 dinners, refreshment breaks and the daily participant fee. For those arriving before Sunday or staying Friday, the daily charge is \$144 plus applicable state and local taxes. This rate does not include any meals. **Please call the hotel for double-occupancy rates.**

Cincinnati area registrants are encouraged to stay at the hotel. The peer interaction that takes place is an essential

part of the program. Should election be made, however, to stay at home, there is a supplemental registration fee of \$475 to cover some of the overhead costs that are a part of the hotel package. This supplemental fee includes the daily participant fee, Sunday night dinner, 4 lunches, refreshment breaks, and parking, and must be submitted by anyone not under the room package plan. **Reservations requested after the room block is filled or beyond the final cut-off date (April 8, 2011), whichever comes first, are subject to availability, and not necessarily at the group rates.**

**HOTEL CANCELLATION NOTIFICATION** must be given 24 hours prior to scheduled arrival, or you will be charged the full package. You must also cancel your registration with IPT.

You may: (1) Fax this completed form to the hotel at 513-487-3810; (2) Telephone your reservation to the hotel at 888.720.1299 indicating that you are with the Institute for Professionals in Taxation group and the date of the school, May 15 - 20, 2011; (3) On-line reservations are possible at <http://www.kingsgatemarriott.com> **only for those staying Saturday to Friday.** Enter dates and under **Group Code** enter **IRPIRPA**, click on "FIND" and continue; or (4) Mail the form to Marriott Kingsgate Conference Center, 151 Goodman Drive, Cincinnati, OH 45219. **Reservations must be made no later than April 8, 2011.** Make all reservation dealings with the Marriott Kingsgate Conference Center and not the IPT Atlanta Office. Only your school registration form

and registration fee should be mailed to the IPT Atlanta Office. In prepaying your reservation deposit, either (1) Enclose a check or money order covering the full payment, or (2) Provide your number of one of the following credit cards: American Express, Master Card, Visa, Diners Club or Discover. (Do not forget the expiration date and your signature.) The Marriott Kingsgate Conference Center regrets that it cannot hold your reservation without prepayment with one of the above. **Deposits will be refunded only if cancellation notification is given 24 hours prior to scheduled arrival.** Reservations requested after the room block is filled or beyond the final cut-off date (April 8, 2011), whichever comes first, are subject to availability and not necessarily at the group rates. All reservations are subject to local

Name \_\_\_\_\_

Company \_\_\_\_\_

Street Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Phone (\_\_\_\_\_) \_\_\_\_\_ Fax (\_\_\_\_\_) \_\_\_\_\_

Email \_\_\_\_\_

For Arrival on (day & date) \_\_\_\_\_ Depart on (day & date) \_\_\_\_\_

Please specify preferences: (If available - not guaranteed)  1 King Bed  2 Double Beds

Marriott Rewards # \_\_\_\_\_ Special Requests: \_\_\_\_\_

**PAYMENT: All reservations must be guaranteed by credit card or check for full payment.**

Check or Money Order Enclosed: Amount \$ \_\_\_\_\_

Credit Card Type  AMEX  MasterCard  VISA  Diners Club  Discover

Credit Card # \_\_\_\_\_ Exp. Date: \_\_\_\_\_

Name on Card \_\_\_\_\_

Signature: \_\_\_\_\_

I authorize the Marriott Kingsgate Conference Center to charge my account for one night's deposit and all applicable taxes. Check-out time is 11:00 a.m. Rooms may not be available for check-in until after 4:00 p.m. Group rates may not be combined with nor can attendees be eligible for any other special offers, packages or discounts.

# Learning Objectives

## Intermediate Real Property Tax School

### **1. HP12C Calculator Tutorial**

Upon completion of this session the student should be able to:

- 1.1. Understand how to set up the calculator and, using the HP12C, use Reverse Polish Notation (RPN)
- 1.2. Understand and use the financial keys to calculate the following:
  - 1.2.1. The Time Value of Money also known as the “six functions of a dollar”
    - 1.2.1.1. Present value of a \$1
    - 1.2.1.2. Present value of a \$1 per period
    - 1.2.1.3. Future value of a \$1
    - 1.2.1.4. Future value of a \$1 per period
    - 1.2.1.5. Sinking fund factor
    - 1.2.1.6. Payment to amortize a \$1
  - 1.2.2. Convert a series of Cash flows into a Net Present Value

### **2. Review & Introduction of Real Property Valuation Concepts**

Upon completion of this session the student should be able to:

- 2.1. Define Appraisal
- 2.2. Describe the three steps in the appraisal process
- 2.3. Identify and understand the three approaches to valuation
  - 2.3.1. Identify the four steps in the Cost Approach
  - 2.3.2. Identify the three steps in the Sales Comparison Approach
  - 2.3.3. Identify the four steps in the Income Approach
- 2.4. Solve for Value, Rate or Income using the “IRV” formula when provided two of the three input elements

### 3. Income Approach

Upon completion of this session the student should be able to:

- 3.1. Define the foundations of the Income Approach
- 3.2. Define the concept of Investor “return on” and “return of” requirements
- 3.3. Solve for Value, Rate or Income using the “IRV” formula when provided two of the three input elements
- 3.4. Compute an Effective Gross Income
- 3.5. Recognize and differentiate between Contract Rent, Market Rent, Scheduled Rent, Excess Rent, and Overage Rent
- 3.6. Recognize and calculate the following: Potential Gross Income, Vacancy & Collection Loss, Effective Gross Income, Operating Expenses, and Net Operating Income
- 3.7. Recognize and understand the concepts of Direct Capitalization and Yield Capitalization
- 3.8. Identify two techniques of deriving a yield rate
- 3.9. Apply the technique of “loading” the capitalization rate
- 3.10. Describe and be capable of solving each of the four techniques for deriving a capitalization rate below:
  - 3.10.1. Market Extraction technique
  - 3.10.2. Debt Coverage Ratio technique
  - 3.10.3. Effective Gross Income Multiplier technique
  - 3.10.4. Band of Investment technique
- 3.11. Compute a Mortgage Capitalization Rate ( $R_m$ ) also known as a Mortgage Constant
- 3.12. Compute an Overall Expense Ratio (OER)
- 3.13. Calculate an Effective Tax Rate
- 3.14. Describe and be capable of computing value using the capitalization techniques below:
  - 3.14.1. Gross Income Multiplier technique
  - 3.14.2. Direct Capitalization technique
  - 3.14.3. Yield Capitalization technique
- 3.15. Recognize the concept of the Financial Partition of Property Income
- 3.16. Recognize the concept of the Physical Partition of Property Income
- 3.17. Recognize and derive overall capitalization rates using Land and Building Residual techniques
- 3.18. Recognize the concept of an Annuity be able to compute its Present Value
- 3.19. Recognize the concept of a Reversion and be able to compute its Present Value
- 3.20. Explain and employ the Discounted Cash Flow (DCF) method for deriving the value
- 3.21. Recognize and interpret the sensitivity of the value conclusion due to Rent, V&CL, Operating Expenses and Rates of Return ( $R_o$ )
- 3.22. Recognize and interpret all symbols used in formulas in the Income Approach

#### 4. Cost Approach

Upon completion of this session the student should be able to:

- 4.1. Describe the foundation of the Cost Approach and its basic formula
- 4.2. Assess the applicability of the Cost Approach in certain situations
- 4.3. Define the following terms:
  - 4.3.1. Principal of Substitution
  - 4.3.2. Highest and Best Use
  - 4.3.3. Reproduction Cost New
  - 4.3.4. Replacement Cost New
  - 4.3.5. Historical Cost Indexing
  - 4.3.6. Actual Age
  - 4.3.7. Effective Age
  - 4.3.8. Economic Life
  - 4.3.9. Remaining Economic Life
  - 4.3.10. Useful Life
  - 4.3.11. Total Depreciation
  - 4.3.12. Physical Deterioration
  - 4.3.13. Functional Obsolescence
  - 4.3.14. External Obsolescence
  - 4.3.15. Curable & Incurable Depreciation
  - 4.3.16. Long- and short-lived deprecation components
  - 4.3.17. Entrepreneurial Profit
- 4.4. Recognize and differentiate the difference between Reproduction and Replacement Cost New and when to employ each method of cost estimating
- 4.5. Broadly describe the various sources of cost data
- 4.6. Describe the three types of cost estimating methods shown below and discuss their strengths and weaknesses:
  - 4.6.1. Quantity Survey Method
  - 4.6.2. Unit-In-Place Method
  - 4.6.3. Comparative Unit Method
- 4.7. Identify and derive the appropriate fees and multipliers required to derive a cost new estimate
- 4.8. Recognize the concept of Historical Cost Indexing, its strengths and weaknesses and be able to calculate a current cost using Indexing techniques
- 4.9. Calculate the Economic Life, Remaining Economic Life, Effective Age or Useful Life
- 4.10. Extract Total Depreciation from comparable sales by the Market Extraction Method
- 4.11. Explain and apply the Age-Life Method for calculating total depreciation and property value
- 4.12. Explain and compute total depreciation and property value by the Break-Down Method

## 5. Sales Comparison Approach

Upon completion of this session the student should be able to:

- 5.1. Describe the foundation of the Sales Comparison Approach
- 5.2. Recognize the Advantages and Limitations of this Approach, including the applicability of the approach to different types of properties
- 5.3. List the sources of data to collect information for processing a Sales Comparison Approach, differentiating between quantity and quality of the data
- 5.4. Recognize the importance of verifying data, and the types of sale data that are not applicable in the Sales Comparison Approach
- 5.5. Recognize, define and be able to make adjustments to comparables for the factors affecting price including:
  - 5.5.1. Property Rights
  - 5.5.2. Favorable Financing
  - 5.5.3. Conditions of Sale
  - 5.5.4. Market Conditions
  - 5.5.5. Location
  - 5.5.6. Physical Amenities
  - 5.5.7. Operating Attributes
  - 5.5.8. Non-real estate elements
  - 5.5.9. Units of comparison
- 5.6. Calculate the cash equivalent sale price
- 5.7. Calculate a Land-to-Building ratio
- 5.8. Demonstrate various adjustment techniques including mathematical, statistical, cost and income
- 5.9. Define a paired sales analysis
- 5.10. Recognize how to calculate the cost to cure from the cost approach
- 5.11. Recognize how to adjust comparables based on differences in capitalized rent
- 5.12. Prepare a direct land sales comparison approach using appropriate adjustment techniques
- 5.13. Recognize and prepare a sales adjustment grid correctly applying the sequence of adjustments then properly interpret its conclusions
- 5.14. Define REIT
  - 5.14.1. Recognize the motivations driving REIT and Institutional sales

## **6. Sales Ratio Studies**

Upon completion of this session the student should be able to:

- 6.1. Define and apply the principle of equalization
- 6.2. Define Assessment Ratio
- 6.3. Define Fractional Assessment and the problems it creates
- 6.4. Identify uses and applications of ratio studies
- 6.5. Define the concept of Uniformity
- 6.6. Recognize the statistics used in Assessment Ratio Studies and interpret their meaning

## **7. Mass Appraisal**

Upon completion of this session the student should be able to:

- 7.1. Define Mass Appraisal and how it is applied (Slide n/a, pg. n/a)
- 7.2. Explain the basic procedures of Mass Appraisal
- 7.3. Recognize the strengths and weaknesses of a Mass Appraisal
- 7.4. Identify statistics used and their importance in a Mass Appraisal
- 7.5. Evaluate the reasonableness of a Mass Appraisal model through review of the R-Squared, Adjusted R-Squared, F-Statistic and P-Value output statistics
- 7.6. Recognize questions to ask an Assessor to evaluate a Mass Appraisal

## **8. Reconciliation**

Upon completion of this session the student should be able to:

- 8.1. Describe the reconciliation process
- 8.2. Identify the criteria used to evaluate each Approach's value indication
- 8.3. Describe the elements to consider in deriving a final conclusion

## **9. Legal Perspectives**

Upon completion of this session the student should be able to:

- 9.1. Recognize the role of the property tax manager
- 9.2. Recognize how Federal Law impacts property taxation
- 9.3. Identify the procedures, validity and practice considerations of each of the three approaches to value and their recognition within the court systems
- 9.4. Recognize what USPAP is and its role within property taxation
- 9.5. Identify strategies to use when working with assessors
- 9.6. Define burden of proof
- 9.7. Recognize the concepts of the "Unauthorized Practice of Law"

## **10. Ethics**

Upon completion of this session the student should be able to:

- 10.1. Identify each provision of the IPT Code of Ethics
- 10.2. Analyze the applicability of each provision in light of specific fact situations
- 10.3. Recognize the difference between law and ethics
- 10.4. Recognize the need for highly developed sense of ethical standards within the profession