

Reappraisal Introduction and GuidelinesB. Main Structure (Dwelling) Physical Depreciation Grading Guidelines

The physical wear and tear of structures must be observed over time. The general guideline below represents a range of depreciation for gradually deteriorating conditions. Included is an effective age guideline that corresponds to the condition description. This should aid the Listers in selecting the appropriate amount of physical depreciation.

<u>Condition/ Grade</u>	<u>Amount of Depreciation</u>	<u>Effective age</u>	<u>Remarks</u>
Excellent / 9	1 - 5%	New - 4 Years	Structure is new, no wear and tear.
Very Gd / 8	6 - 11%	4 - 10 Years	Little wear and tear is evident.
Good / 7	12 - 18%	10 - 30 Years	Components need replacing.
Gd/Avg / 6	19 - 23%	31 - 50 Years	Well Maintained older home. <i>Some renovation of major components (ie. kitchen or bath)</i>
Average / 5	24 - 30%	51 - 80 Years	Average Maintenance.
Avg./Fair / 4	31 - 42%	81- Older	Some Deferred Maintenance is evident.
Fair / 3	43 - 50%	81- Older	Little/no Maint- <i>Noted Structural items.</i>
Poor / 2	51 - 65%	81- Older	Major structural problems
Salvage / 1	66%	81- Older	Not inhabitable.

Notes on Physical Depreciation.

1. *Italic comments* in "Remarks" above represent application of this guideline to older (over 50 years) structures.
2. A guideline in applying depreciation on newer homes is one percent (1%) per year for the first five years and then one half of one percent (0.5%) per year thereafter up to fifty (50) years of actual age.
3. Older home(s) with average maintenance should be in the 24-30% bracket. As improvements/renovations are made, the condition should be raised to Good/Avg. or even good. *An extensively renovated older home will usually have at least 15% depreciation.*
4. The chart above should be referred to in cases outside normal age/life/wear & tear.

On the next page is a more specific chart for assigning physical depreciation to the main structure.

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Year	Actual	Typical	(9) EX	(8) VG	(7) G	(6) GA	(5) A	(4) AF	(3) FR	(2) PR	(1) SV
Built	Age	% Dep.	(1-4)	(5-10)	(11-16)	(17-22)	(23-28)	(29-37)	(38-53)	(54-67)	(68-99)
1985	39	23	5	10	15	23	27	33	40	55	70
1984	40	23	5	10	15	23	27	30	40	55	70
1983	41	24	5	10	15	19	24	30	40	55	70
1982	42	24	5	10	15	19	24	30	40	55	70
1981	43	25	5	10	15	19	25	30	40	55	70
1980	44	25	5	10	15	19	25	31	40	55	70
1979	45	26	5	10	15	20	26	31	40	55	70
1978	46	26	5	10	15	20	26	33	40	55	70
1977	47	27	5	10	15	20	27	33	40	55	70
1976	48	27	5	10	15	20	27	34	40	55	70
1975	49	28	5	10	15	20	28	34	40	55	70
1974	50	28	5	10	15	20	28	35	40	60	70

For dwellings built before 1974 and the actual age over 51 years, then use the depreciation guideline for the 1974 construction year/actual age 50.

The chart above is a guideline to be used by the Listers and Appraiser in assigning a value to property. The Listers/appraiser have the choice to deviate within the range of each condition code if the actual status of the building warrants. There must be notes to support the variation.

The asterisk indicates those properties outside the normal range of deferred maintenance. Normal effective age will result in depreciation similar to the bold items above. There may be rare circumstances with the Listers agree to assign additional depreciation outside the norm for building condition.

The **BOLD** items above denote the typical depreciation applied to a principle structure given typical use and normal maintenance of all of the different building components. The schedule is based upon the structural, mechanical and wearing surfaces being repaired and replaced as needed.

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1. **Excellent Quality Grade six (6) or above:** Components of the structure are prepared from the best possible materials installed to the highest standard of labor intensive craftsmanship. There is extensive architectural detail in the design, foundation, frame and all finished surfaces are conceived and assembled to be exceptional on a long-term basis. The foundation and frame have characteristics including multiple angles, super-adequate structural integrity, high ceilings with long-clear spans and significant trim detail. The mechanical systems are a combination of the latest technology with proven reliability, all of excellent quality and extensive quantity. Standards of highest quality in all interior and exterior finished surfaces including multiple built-ins and the best features.
2. **Very Good Quality – Grade (5):** This quality level is slightly lower than excellent in standards of design, materials and workmanship. There is typically less emphasis on design with less attention to architectural detail and structural components. Construction standards (workmanship and materials) are also slightly below the level of excellent. Examples of the differences include fewer foundation angles (8-12), more conventional frame, slightly less angles and/or pitch on the roof with lower grade roofing material. Ceiling height may be lower or split between levels (ie 9' on first floor and 8'). Use areas are not segregated as distinctively as in the higher quality grades. Kitchen and baths designed and constructed in a manner complimentary to this quality level. Less extensive features than those found within an excellent or better quality structure.
3. **Good Quality – Grade (4):** This quality level is slightly superior to average quality in standards of design, materials and workmanship. Typically than average emphasis on design, architectural detail and structural components. Construction standards are also above the level of average. Examples of the differences include more foundation angles (6-8), slightly better-than-average frame with more angles and/or steeper pitch on the roof and better grade roofing material. Ceiling height may be higher with slightly better exterior and/or interior trim around all openings, ceilings and corners. May have more woodwork such as wainscoting, built-ins, features and mechanical systems not typically found in an average dwelling. Kitchen and baths designed and constructed in quality and quantity complimentary to this quality level.
4. **Average Quality – Grade (3):** This is the base quality standard to compare all other quality levels against. A **NEWLY CONSTRUCTED**, average quality dwelling typically has standard design and construction for the market including:
 - a. Foundation (block or poured concrete on frost wall with 4 to 6 angles);
 - b. Frame (2" X 4" with strapping or 2" X 6"-16" O.C. walls, either truss or rafters, 2" X 10" floor joists – 16" O.C.);
 - c. Exterior finish (vinyl / vertical boards / lower cost log) and asphalt roof;
 - d. Fenestration – typically one insulated window per room.
 - e. Standard (average) energy with R-19 walls, R-38 ceilings and Bsmt. ins..
 - f. Interior finish – gypsum board walls w/ paint - paper / wood trim / stock hardwood or laminate cabinets in kitchen and baths with 10' to 14' of kitchen counter space; and
 - g. Mechanical – complies with current plumbing, electrical and life-safety code requirements.

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5. **Fair Quality - Grade (2):** This quality level is slightly lower than excellent in standards of design, materials and workmanship. There is typically less emphasis on design with less attention to architectural detail and structural components. Construction standards (workmanship and materials) are also slightly below the level of excellent. Examples of the differences include fewer foundation angles (8-12), more conventional frame, slightly less angles and/or pitch on the roof with lower grade roofing material. Ceiling height may be lower or split between levels (ie 9' on first floor and 8'). Use areas are not segregated as distinctively as the higher quality grades. Kitchen and baths designed and constructed in a manner complimentary to this quality level. Less extensive features than those found within an excellent or better quality structure.
6. **Low Cost quality - Grade (1):** Components of the structure are prepared from the least expensive possible materials installed to the minimal standard of craftsmanship. Very little design work on the foundation, frame or finished surfaces. The foundation and frame have very simple characteristics including few angles, below average structural integrity, low ceilings with little trim detail and short spans / small rooms in the living areas. The mechanical systems are substandard and of below average quality and less than typical quantity.

III. Physical, Functional and Economic Depreciation

A. Main Building - Condition Description Definitions and Indicators of Effective Age

It is very important to evaluate and grade all structures in a community with the same depreciation standard. This section deals with physical depreciation of the main building(s). Every Building in Cabot will be assigned some amount of physical depreciation, even if it is brand new as of April 1, 2024. A conscientious and deliberate effort will be made to grade the condition of each structure in a uniform manner in a composite sense. If, for example the interior is superior in condition to the exterior then an overall condition grade and respective amount of physical depreciation have been applied. The same is true if there are different levels of condition within the structure (ie 3 apartments with two in good condition and one in fair condition). Great effort has also been made to consistently grade for condition between like properties. The guidelines in this section review items such as the terms used for grading, the economic or effective age of the structures and standards for applying physical depreciation. The different levels of condition are defined as follows:

1. **Excellent (EX):** Components in perfect condition. The building is new or in perfect condition. All components that can normally be repaired or refinished have recently been fixed. All interior and exterior surfaces look fresh and new. This is a condition grade 9 in the appraisal system and the depreciation range is from 1-5%.

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2. **Very Good (VG):** Slight evidence of deterioration of components. All components are well maintained – many having been overhauled and repaired as soon as they showed signs of wear. Flooring will show slight wear. Sheetrock corners may show some nicks and window sills will show less luster than other non-exposed surfaces. This is a condition grade 8 in the appraisal system and the depreciation range is from 6-11%.
3. **Good (GD):** Minor deterioration of components is visible. Minor deterioration may be visible. No obvious maintenance required but not everything is new. Such observations indicate an effective age of eleven (11) to thirty (30) years. Flooring will require replacement (carpet/vinyl) or refinishing (hardwood) if the effective age is twenty (20) years. An effective age of twenty (20) years or greater for most asphalt roofs will require replacement in the short term. This is a condition grade 7 in the appraisal system and the depreciation range is from 12-18%.
4. **Good/Average (GA):** Not as good as above, however better than average. Not as good as any category above, however showing less than average wear and tear. Some components need replacing but the structure is true and sound. An effective age of thirty one (31) to fifty (50) years is a transitional period. The building can be improved to nearly new condition or the building is so old that it will never have a newer effective age, regardless of the restoration efforts. This is a condition grade 6 in the appraisal system and the depreciation range is from 19-23%.
5. **Average (AV):** Normal wear and tear of the components is apparent. Some minor repair or refining needed. The building is structurally sound but repairs are apparent as well as the replacement of some components. The effective age may be from fifty one (51) to eighty (80) years and is not new. The building may have received proper maintenance but surface treatments do not cover irregularities in the sub-floor, walls or ceilings. Refinishing the surfaces improves the appearance but does not make the component look new. The same is true with the foundation, exterior siding, windows, soffit and fascia and roof lines. This is a condition grade 5 in the appraisal system and the depreciation range is from 24-30%.
6. **Average/Fair (AF):** More than normal wear and tear but less than marked deterioration. Wear and tear is becoming noticeable on many components of the building. Units-in-place (kitchen and baths) will be in rough shape or outdated. Although the building may be neat and clean, the lack of preventative maintenance is becoming evident in the structure. The building remains functional as overall deterioration is low. This is a condition grade 4 with 31-42% physical depreciation.

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7. **Fair (FR):** Marked deterioration to the components. While still useful, structure of the components show deterioration. Marked deterioration to most components of the building and/or major repairs to the building structure may be required. Major renovation will be required to bring the overall effective age back to average. This renovation may be the basic mechanical systems (wiring, plumbing, insulation package-including windows) or complete replacement of most wearing surfaces (exterior and interior). The structure remains useful yet has a significantly greater effective age than any category above. This is also referred to as "Below Average" condition. This is a condition grade 3 in the appraisal system and the range of depreciation is from 43-50%.
8. **Poor (PR):** Deterioration to component is obvious and the structure is barely useable. Definite deterioration is conspicuous and much repair is needed. Many components need refinishing, replacement, or overhauling. Structure is definitely undesirable and near the end of any useful effective life. Without immediate significant repair, the building will soon become unfit for use or habitation. As is, it is barely useable. This is also referred to as "Poor" condition. This is a condition grade 2 in the appraisal system and the depreciation range is generally from 51 to 65%.
9. **Salvage (SV):** Component is unsound and unfit for use. Building is unsound, unsafe and/or unfit for any type of use. Repair and overhaul is critical throughout and this may be economically unfeasible or impractical. This is also referred to as salvage value. This is a condition grade 1 in the appraisal system and the physical depreciation is over 65% with functional depreciation likely.

The table on the next page provides insight into the range of physical depreciation applied through the recent reappraisal effort.