

Glossary of Terms

- Abstraction Method - Method of land valuation in the absence of vacant land sales, whereby improvement values obtained from the cost model are subtracted from sales prices of improved parcels to yield residual land value estimates. Can be called residual land technique.
- Actual Age – The number of years that have elapsed since the completed construction of a structure; also referred to as historical age or chronological age.
- Affidavit – A written form of an affirmed or sworn statement.
- Allocation – See land ratio method.
- Central Tendency – The tendency of data to cluster around some typical or central value, such as the mean, median or mode.
- Coefficient of Dispersion (COD) – The average deviation of a group of numbers from the median expressed as a percentage of the median. In ratio studies, it's the average percentage deviation from the median ratio.
- Condition – A judgment of the depreciation of an improvement. Note: This is a difficult area of comparison because although the condition of the subject is known, it is difficult to know the condition of the comparable. Differences in condition may justify variances in selling prices of similar properties.
- CAMA – Computer Assisted Mass Appraisal (CAMA) – A system of appraising property, usually only certain types of real property, that incorporates computer-supported statistical analyses such as multiple regression analysis and adaptive estimation procedure to assist the appraiser in estimating value. Additionally: A system for assessing real and personal property with the assistance of a computer. A computer may be used, for example, in the appraisal process, in keeping track of ownership and exemption status, in printing the assessment roll, in coordinating the work load of real property appraiser and personal property appraisers with respect to the assessment of commercial and industrial properties, and in a number of other areas.
- Contiguous – Sharing a property boundary; adjacent.
- Cost Schedules – Charts, tables, factors, curves, equations, and the like intended to help estimate the cost of replacing a structure from databasing of other factors, such as its quality class and number of square feet.
- Covenant – A covenant is a promise written into a legal agreement (such as a deed) that binds the parties to abide by or refrain from certain acts. A deed restriction can also be a special kind of covenant.
- Data – Information expressed in any of a number of ways. “Data” is the general term for masses of numbers, codes, and symbols generally, and “information” is the term for meaningful data.
- Deed Restriction – A limitation to property rights that transfers with the property regardless of the owner.

- Depreciation – Loss in value of an object, relative to its replacement cost new, reproduction cost new, or original cost, whatever the cause of the loss in value. Depreciation is sometimes subdivided into three types; physical deterioration (wear and tear), functional obsolescence (suboptimal design in light of current technologies or tastes), and economic obsolescence (poor location or overall diminished demand for the product).
- Dispersion – The degree to which data are distributed either tightly or loosely around a measure of central tendency. Measures of dispersion include the average deviation, coefficient of dispersion, coefficient of variation, range, and standard deviation.
- Effective Age – The typical age of a structure equivalent to the one in question with respect to its utility and condition, as of the appraisal date. Knowing the effective age of an old, rehabilitated structure or a building with substantial deferred maintenance is generally more important in establishing value, than knowing just the chronological age.
- Fee Appraisal – Appraisal of properties one property or client at a time, for pay.
- Homogeneous – Possessing the quality of being alike in nature and therefore comparable with respect to the parts or elements; said of data if two or more sets of data seem to be drawn from the same population; also said to data if the data are of the same type (that is, if counts, ranks and measures are not all mixed in together).
- Improvement – Anything done to raw or vacant land with the intention of increasing its value a structure erected on the property constitutes one very common type of improvement, although other actions, such as those taken to improve drainage, are also improvements. Although such cases are rarely intentional, “improvements” can conceivably diminish the value of the land; note, however, that easements restricting the use and value of land are not considered improvements.
- Level of Appraisal – The common, or overall ratio of appraised values to market values. Three concepts are usually of interest: the level required by law, the true or level, and the computed level, based on a ratio study.
- Economic Area – A geographic area, (can be a market area also) typically encompassing a group of neighborhoods, defined on the basis that the properties within its boundaries are more or less equally subject to a set of one or more economic forces that largely determine the value of the properties in question.
- Market Price – The price a particular buyer and seller agree to in a particular transaction; the amount actually paid. Compares to market value.
- Market Value – Market value is the major focus of most real property appraisal assignments. A current economic definition agreed upon by agencies that regulate federal financial institutions in the United States is: The most probable price (in terms of money) which a property should bring in a competitive and open market

under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: The 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; Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; 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.

- Mass Appraisal – The process of valuing a group of properties as of a given date, using standard methods, employing common data, and that allows for statistical testing.
- Median – A measure of central tendency. The value of the middle item in an uneven number of items arranged or arrayed according to size; the arithmetic average of the two central items in an even number of items similarly arranged; a positional average that is not affected by the size of extreme values.
- Neighborhood – (1) The environment of a subject property that has a direct and immediate effect on value. (2) A geographic area (in which there are typically fewer than several thousand properties) defined for some useful purpose, such as to ensure for later multiple regression modeling that the properties are homogeneous and share important locational characteristics.
- Neighborhood Analysis - A study of the relevant forces that influence property values within the boundaries of a homogenous area.
- Percent Good – An estimate of the value of a property, expressed as a percentage of its replacement cost, after depreciation of all kinds has been deducted.
- Plat – A map intended to show the division of land into lots or parcels. Upon recordation with the appropriate authorities, land included in the plat can thenceforth be legally described by reference to the plat, omitting a metes and bounds description.
- Quality Class – A subjective classification of a structure by an appraiser, intended to describe materials used, workmanship, architectural attractiveness, functional design, and the like. Quality class, or its synonym “grade,” is the key variable in most cost schedules.
- Sales Data – Information about the nature of the transaction, the sale price, and the characteristics of a property as of the date of sale. The elements of information needed from each property for some purpose such as appraising properties by the sales comparison approach.

- Site Improvements – This is a value assigned to a property to account for items that make the land able to support a structure. This may include some or all of the following: grading, landscaping, paving, utility hookups, septic systems, wells, driveways, road base and sidewalks.
- Situs – The actual or assumed location of a property for purposes of taxation. In personal property, situs may be the physical location of the property or, in the instance of highly mobile property, the more-or-less permanent location of the property owner.
- Subject Property – The property being appraised.