



NMTRD-Property Tax Division

Standard Appraisal Report Guidelines

- Appraisals requiring a Property Tax Division report of review should be emailed with a letter of engagement addressed to our Division Director, Santiago Chavez, to: NMTRD.Appraisals@tax.nm.gov
- Must be completed by a “General Certified Appraiser” or “Residential Certified Appraiser” for residential property. 1.5.23 NMAC
- Must be completed by a “General Certified Appraiser” for commercial property. 1.5.23 NMAC
- Must name the governmental agency and the State Board of Finance, if applicable, as an intended user of the report.
- Must meet all requirements under the *Uniform Standards of Professional Appraisal Practice* (USPAP).
- Must meet all the requirements under the New Mexico Regulation and Licensing Laws.
- Must be a “current” appraisal as defined under 1.5.23.7.D NMAC if going before the State Board of Finance. (Within 1 year of the submission of the proposed transaction for Board approval)
- The effective date of value must not exceed 1 year from submission to PTD, unless the scope of work is to perform a retrospective appraisal.
- Must be an Appraisal Report as defined by USPAP for a sale or acquisition, may be an Appraisal Report or a Restricted Appraisal Report as defined by USPAP for leases. The appraisers workfile may be requested as part of the Property Tax Division review for Restricted Appraisal Reports.
- A market rent analysis to establish the fair market value for leasing property is an “appraisal” under USPAP and therefore must meet all the requirements under Standards 1 & 2 of USPAP.
- When the seller and buyer of a property are both government entities, neither an appraisal nor appraisal review by PTD is required per 1.5.23 NMAC but may be conducted to establish fair market value at the discretion of the government entities.
- The appraiser should be notified that any information submitted to the Property Tax Division or the State Board of Finance is subject to inspection under the Inspection of Public Records Act, Section 14-2 NMSA 1978.

¹ *The Dictionary of Real Estate*, 6th Edition

² *Uniform Standards of Professional Appraisal Practice*, 2020-21



Helpful Definitions

Appraisal – The act or process of developing an opinion of value; an opinion of value.¹

Market Value – The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.¹

Estate – A right or interest in property.¹

Fee Simple Estate – Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

Leased Fee Interest – The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.¹

Leasehold Interest – The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified under the conditions specified in the lease.¹

Intended Use - The use(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.²

Intended User - The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.²

Assignment Conditions – Assumptions, extraordinary assumptions, hypothetical conditions, laws and regulations, jurisdictional exceptions, and other conditions that affect the scope of work.²

¹ *The Dictionary of Real Estate*, 6th Edition

² *Uniform Standards of Professional Appraisal Practice*, 2020-21



Note prior to engaging an Appraiser

1. An Appraisal Report is the most common report type. A Restricted Appraisal Report is a report format that is just that, restricted. Verify it is an acceptable reporting format for your intended use prior to engagement. Refer to page 1 of this document, the State Board of Finance only accepts Restricted Appraisals for lease transactions.
2. Identify what you need appraised, examples....
 - a) Identify the real estate to be appraised. Is it the entire property, or a portion of the property?
 - b) Is there any personal property on site? Should it be included or excluded?
 - c) What is the estate/interest to be appraised?
 - d) Is there a lease in place? Is there a lease in negotiation?
 - e) Is the property for sale? Is the property under contract? Is it for a trade?
 - f) Who is the appropriate entity to order the appraisal, who are the intended users, what is the intended use, what is the timeline to order, and how much time will be needed for the review?
3. Identify all special assignment conditions, if any. This should be done with the appraiser, and the acceptability may need to be confirmed with the intended users.
4. If you are unsure, **ASK**, prior to engaging an appraiser.
5. When interviewing appraisers ask if they have the knowledge and experience to complete the assignment competently and if their appraisals have had any problems in the review process conducted by the Property Tax Division.

¹ *The Dictionary of Real Estate*, 6th Edition

² *Uniform Standards of Professional Appraisal Practice*, 2020-21