

Frequently Asked Questions  
Regarding NAL Data Fields  
February 13, 2009

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## **Complete Submission Questions**

### ***Data Edit Questions***

#### **Level 4 Edits**

Q1. On page 3 of the December 19, 2008 Memorandum from James McAdams there is a list saying "current level 4 edits". Items viii through xiv did not appear to be on last year's level 4 edits. Are they new level 4 edits?

A. These were new edits last year but were level 2 edits then. This year these have been moved to level 4 edits. We are in the process of reviewing all edits and will post a complete list on the internet on or before March 15, 2009.

Q2. It is unclear from the numerous memos we have recently received what exactly are the Level 4 requirements for 2009. Please provide me a complete listing as soon as possible, as we are running out of time to make further changes in our massive computer programs, not to mention our business processes.

A. We are in the process of going over the new fields on the NAL and are looking over all edits. We will post a completed list on our website by March 15, 2009.

### **NAL/NAP/SDF Submissions Questions**

Q1. Are we correct that for the 2008 sales, they can be submitted in the old format and are not required to be in an SDF?

A. On April 1<sup>st</sup>, the new Sale Data File will be due and on this file will be all 2008 sales using the old qualification codes and any 2009 sales posted using the new qualification codes. For the April 1<sup>st</sup> 2009 submission only, you will submit an accompanying NAL file in the old format. The most current two sales may be included in the NAL; however, all 2008 sales (and any 2009 sales posted) must be on the new sale data file.

Beginning with the July 2009 submission, a Sale Data File will be submitted with every submission along with a copy of a NAL. Starting in July, the NAL portion of the submission will need to be in the new prescribed format. There are no sale information fields on the new NAL file layout.

Q2. In a previous answer about the sale submission you said '(and 2009 sales up to the date of submission)'. There is a lag between when sales are recorded with

the Clerk of the Court and when we get them. It may be several weeks before we can actually enter them into our system. What do you mean when you say 'and 2009 sales up to the date of submission'?

A. Florida Statute 193.114(2)(n) now states "For each sale of the property in the previous year, the sale price, sale date, official record book and page number or clerk instrument number, and the basis for qualification or disqualification as an arms-length transaction. **Sale data must be current on all tax rolls submitted to the department** and sale qualification decisions must be recorded on the tax roll within 3 months after the sale date."

The Department is aware there is a lag between when a sale takes place and when it is recorded in the Official Records. Another lag occurs between deed recordation in the Official Records and when the property appraiser's office acquires them and can enter them into their CAMA system. Because of these delays in entering data we do not interpret the statute as meaning all sales that were recorded in the Official Records as of the date of roll submission should be on the submission. There is, however, an expectation that sales will be recorded in the CAMA system in a timely way and sales data on the sale submission will be as current as is feasible.

For many counties, this new requirement will necessitate changes in their current deed processing procedures so that deeds will be entered in the CAMA system, and initial qualification decisions made and entered, within 90 days of recordation.

Q3. The December 19, 2008 memo is confusing regarding the "sales submission" traditionally due on January 31<sup>st</sup> of each year. Is it still due then? Should it be in the old NAL format? Or, is it due on April 1<sup>st</sup>?

A. The sale submission is now due on April 1<sup>st</sup>. The sale data file (SDF) is a separate file and the new SDF layout is on our website. The format for the NAL due with the April 1<sup>st</sup> submission should be the same as in 2008.

## **NAL/NAP/SDF Field Questions**

### ***NAL Field 5 – DOR Land Use Code***

Q1. On page 3 of the McAdams memo dated 12/19/2008, regarding level 4 edits, items 8-13 refer to "land use code", just for clarification is this not intended to be "parcel use code"?

At this time I can not run integrity reports using the land use code on our ACS system, I can only pull from parcel use code.

A. The term 'land use codes', in the context of those edits, refer to the DOR Land Use Codes reported on the NAL in field 5 on the new NAL layout. These are the use codes listed in the Florida Administrative Code (12D-8.008).

It may be referred to as 'parcel use code' in the ACS CAMA system. It does not refer to the 'land valuation codes' (LVAL) on the ACS land screen which are internal codes that we don't see and which do not have to be the same as those listed in 12D-8.008(2)(c).

Q2. Is the DOR land use code on the new NAL layout, (Field 5), the same as the LVAL code in the ACS system?

A. No. The 'DOR land use code' referred to in both places is not the same as the ACS 'Land Valuation Code' or 'Land Use Code'.

The 'DOR land use code' referred to on the NAL layout are the use codes recorded in the Florida Administrative Code (12D-8.008)(2)(c) which are believed to come from the 'Use Code' field on the Data Maintenance Screen in the ACS system and may be referred to in the ACS system as 'parcel use codes'. Codes in that field should be reflective of the predominant use of the property and should be the ones listed in Florida Administrative Code 12D-8.008.

ACS 'Land Use Codes' used for land valuation on the Land Screen is internal to the ACS system. DOR never sees these internal codes. These do not have to be the codes listed in 12D-8.008. Each county can develop their own coding system for the Land Screen.

### ***NAL Fields 9 & 10 – Change in Just Value from Approved Preliminary Roll For Same Assessment Date & Code for Change in Just Value***

Q1. What code do we use for values changed for reasons other than those listed? If we change just values (e.g. splits, new parcels) for reasons not listed, do these get reported? If so, what change reason code would be appropriate?

A. If you are referring to the change codes relating to field 10, the revised list has been updated to include splits, combinations and new parcels. Change code #7 (change made by property appraiser due to a correction of material mistake of fact without VAB petition having been filed) and change code #9 (change made by property appraiser due to correction of a material mistake of fact relating to an

essential condition of the property requiring the exercise of judgment as to the effect of mistake on value without a VAB petition having been filed), are intended to cover any other change decisions not relating to the VAB process.

Q2. Section 193.114(2)(w) requires us to include a notation indicating any change in just value from the roll initially submitted, along with a code. Our tax roll system is not currently able to prepare this information within the assessment roll. However, the reasoning for any changes is always included in writing in any Certificate of Correction paperwork submitted to DOR, so you already obtain this from us via another source. We believe we will technically be able to include this data in the tax roll by 2010 – but we cannot do so for 2009. Please advise how we should handle for 2009?

A. This is only one of several new fields required on the NAL file. Each county should work with their CAMA vendor or develop a CAMA system in-house to facilitate this requirement. The law requires this data to be present on the new NAL file submission. We will be glad to talk with you further to better understand your situation and discuss possible solutions. For a description of the required codes, please see the updated NAL file layout on our internet site at:

<http://dor.myflorida.com/dor/property/dataformats.html>

### ***NAL Field 41 – Land Square Footage***

Q1. Section 193.114(2)(j) refers to maintaining data including “land square footage.” Most of our parcels have data in terms of front foot, not square foot. So long as we indicate which data is front foot and which is square foot, are we required to convert all of our parcels exclusively to square foot measurements?

A. There are 3 fields on the NAL layout regarding land size. Land Unit Code and Number of Land Units are for indicating the land unit type and number of land units used for valuation. The Land Square Footage field is not a new field (“land” has been added to the name for clarity). The intent of this field has always been to capture the total size, in square feet, of all parcels. This field is required regardless of unit type.

The Department’s GIS/Mapping Section has prepared a recommended “How-to” video for your reference as well as a data processing model utilizing ArcMap GIS software. The video and model will be available on our public FTP site:  
<ftp://sdrftp03.dor.state.fl.us/>

An announcement will be sent out regarding these no later than February 16, 2009.

### ***NAL Field 44 – Effective Year Built***

Q1. Section 193.114(2)(k) refers to tracking both effective year built and actual year built. Our tax roll system currently tracks only effective year. Would it be permissible for our office to continue tracking effective year, while adding actual year built on a going forward basis only for new construction? We don't have the staff or financial resources to research all parcels in our county. Also, what is to be the actual year and effective year reported on a single parcel containing multiple buildings of significantly differing ages?

A. You should continue to track the effective year built and report it in Field 44 on the NAL file and record all new construction in Field 45. However, the statute requires actual year built for all improved properties. You will need to create a plan for populating this field for all existing improved properties.

For multi-building parcels it will be up to your discretion which one you report but whatever policy you develop, the data should be consistently applied for your county.

### ***NAL Field 50 – Special Features***

Q1. Section 193.114(2)(k) references values of special features and DOR has 6 types of commercial codes and 6 types of residential codes for special features. Our office has several hundred codes for special features. Could we continue to maintain our existing coding instead of the 12 new limited codes?

A. There are now 7 types of residential codes and 6 types of commercial codes.

An updated list is on our website at:

<http://dor.myflorida.com/dor/property/dataformats.html>

The Department does not dictate how you capture and maintain data in your CAMA system. It is permissible for you to continue to capture special features as you have been. However, your data must be converted to our reporting system for NAL file submissions.

The proper format for this field is similar to the exemption fields. Each of the 13 special feature codes applicable to the parcel must be identified separately by its code number followed by the total for that code. The new special features codes

are on the Department's website. The format within the commas delimiting this field is: special feature code, semicolon, total value for the code, next applicable special feature code, semicolon, total value for the code....

Example: R1;1600;R2;2000,R6;750

Please refer to the list of Special Features Codes at:

<http://dor.myflorida.com/dor/property/dataformats.html>

Q1. I have a quick question about the new Extra Feature codes for the NAL (field 50). Is this a code that we will be using to group the various types of extra features that we have on the tax roll to one common category?

For example: A single family residence has a pool, deck, spa, screen enclosure, shed and a boat dock and fence. When we enter the pool with the extra feature code of 5702 and all the other value information, we now will have to enter a code of R3 to group it in for the NAL. Is this correct?

A. No. Special Features for each parcel should be categorized according to the Special Feature Code list. There may be several codes applicable to each parcel. Values within the same code should be added together; the code and value should be entered only once. There are now 7 types of residential codes and 6 types of commercial codes. Each of the 7 codes has an associated list of improvement types.

For the list in your example you will group all pool-related items for code R3. The boat dock falls into the R6 category and the fence falls into category R4.

Also, please note that the intent is not to direct the property appraiser to use a particular coding system in their CAMA system. However, whatever internal codes are used, they need to be translated to the proper form and format for reporting to the Department.

Q2. a. Are "special features", as found in 193.114(2)(k), the same as extra features which would include pools, sidewalks, buildings, fences, etc?

A. Yes. The Special Features Codes list indicates the type of improvements that should be included in the Special Features Value whether the county accounts for them as Other Buildings and Yard Improvements (OBYs), Extra Features, and Additional Features or plots them on a separate card. The value and codes should indicate all additional improvements, not just those recorded on the first card. The special features list does not include residences or commercial buildings.

b. Is an extra feature considered an "improvement"?

A. Yes. Extra features are a component of total parcel improvements.

Q3. Are properties with only extra features considered improved properties for edit/submission purposes? I guess it goes back to the parcel use code?

A. You are correct; it depends on the use code.

Next year when we look at DOR Use Codes, we will most likely create a new use code for vacant residential properties with 'site improvements'.

Q4. What scrutiny are extra features subjected to (edits, etc.) for submission processing?

A. A technical review is done on every roll submitted to assure that the roll conforms to the form and format required by the Department. Data edits for the 2009 submissions are not yet complete. We will post them on the web on, or before, March 15, 2009.

### ***NAL Field 78 – Census Block Group***

Q1. We have been geo-correcting our parcel polygons with aeriels. When reviewing the Census Block Group downloaded from the Census Bureau boundary lines appear to be off due to this. Should we attempt to reposition the Census data to our polygons?

A. Repositioning of the census data to better match your data is advisable only when there are significant offsets. If you have further questions on this issue, please contact Kevin Gorham ([GorhamK@dor.state.fl.us](mailto:GorhamK@dor.state.fl.us)).

Q2. Section 193.114(2)(s) requires us to provide the US Census Bureau block group in our data for each parcel. Our current tax roll system is unable to handle the additional fields required for inserting this data. Please advise how DOR wants us to respond to this requirement.

A. The Census field is one of several new fields required for NAL file submissions. The law requires this data to be submitted on the new NAL files. Each county should work with their CAMA vendor or develop a CAMA system in-house to facilitate this requirement.

The 2000 Census federal information processing standards (FIPS) code are 12 numeric characters. It is the combination of the following Census Fields:

FIELD NAME	State	County	Tract	Block	FIPS
CHARACTERS	2	3	6	1	12

The 2000 Census 12-digit FIPS codes are to be used for this field. The data is available on our public access FTP site at the following link:  
<ftp://sdrftp03.dor.state.fl.us/>

Once the 2010 Census is available, it will require a 16-character alphanumeric field for the FIPS code. We will provide that information on our FTP site once it is available.

The Department's GIS/Mapping Section is preparing a recommended "How To" video for your reference as well as a data processing model using ArcMap GIS software.

The video and model will be on our public access FTP site:

<ftp://sdrftp03.dor.state.fl.us/>

In addition, the GIS/Mapping Section will present workshops on the web using WebEx software in the next couple of weeks. An announcement will be sent about these by February 16, 2009.

### ***NAP Field 35 – Account Number Change Field***

Q1. Our office never changes account numbers other than when new accounts are created for a new business that has moved into a unit, but do not actually attempt to cross reference new and old business from year to year. Will there be a requirement to do this in the future?

A. Not that we know of. This provision mirrors the similar provision for the NAL file. The purpose of the field is to provide a bridge between years if the property appraiser does change account IDs.

### ***SDF Field 5 – Sale Transfer Code***

Q1. Section 193.114(2)(n) requires us to indicate the basis for the qualification or disqualification as an arms-length transaction. As we do not have access to MLS-listings and buyers/sellers do not respond to our post-sale questionnaire,

we are frequently unable to determine this for many sales. How are we to respond for sales in which we cannot assign a specific number code? We do not believe we can adequately provide this information for all sales.

A. Sales qualification/disqualification decisions begin with an examination of the deed. This initial process is fairly straightforward. The new code list includes both qualification and disqualification codes based solely on review of the deed. Complete this part of the process on all sales.

It is good appraisal practice to verify all sales. Most counties have a procedure in place for verifying transactions directly with a participant in the transaction by telephone, personal interview, or a verification letter. This is the recommended way to qualify or disqualify a sale. However, if you cannot attain a response to your verification efforts, make the qualification (or disqualification) decision based solely on examination of the deed.

Sale qualification code 99 is optional as a placeholder if the county is working on the sale and has not reached a decision. It is not required and we include it so the field will not be empty.

If the sale date is within the 90 day timeframe and a qualification decision has not been made, you may enter a code of 99. After 90 days, the proper qualification code must be entered.

Q2. Regarding the 2009 sales, we are entering these sales as we speak. Our software does not have a place to enter the additional codes, and it will take our vendor around 6-8 weeks to get these changes implemented. DOR is not giving us enough time to implement their new requirements for these. The only thing we can do is send you what we have at the time of submittal with the understanding that there is no other choice. I'm sure we are not the only county with this situation. I would suggest that none of the changes in the memo be required for the 2009 roll, and be strictly implemented for 2010.

A. The Sale Data File for the Sale Submission will contain all 2008 sales (and 2009 sales up to the date of submission) and should have all final qualification decisions made and entered **for 2008 sales**.

For the 2009 sales on the Sale Submission SDF we will not be running data edits. All data edits run on this file will be filtered first so that edits will run on 2008 sales only. 2009 sale qualification codes should be used if possible but we will not be checking them to see if they are present and/or include the new sale qualification codes. Please enter 99 as the qualification decision has not been made rather than leave the field empty.

Any analysis of 2009 sales for volume or price trends will take into account the new coding system, if present. 2009 sales on the Sale Submission will be used by legislative staff and the Revenue Estimating Conference for forecasting purposes.

Q3. We need clarification on field 5 on the Sales Data File layout which says it is a sales transfer qualification code. In the description it lists codes 00, 01, 02 and 03. Those codes look like the current qualification reporting codes. We don't see another field for the new sales qualification codes so are we to assume that the new, more detailed codes for qualification are also to be reported in this field?

That would mean that temporarily this field would have two meanings depending on if the sale were in 2008 (the old codes) or in 2009 (the new more detailed codes). Is this correct?

A. You are correct. For the 2009 submissions; Sales (April 1st), Preliminary (July 1st), and Final submissions, the codes in this field would have two meanings depending on whether the sale occurred in 2008 (the old codes) or in 2009 (the new more detailed codes).

Additionally, we have added a code (99) to the 2009 sales qualification code list. This code can be used if a qualification decision is pending if the sale is within the 90 day period. After 90 days, another code should be entered.

### ***SDF Field 7 – Sale Property Change Code***

Q1. Regarding FIELD 7 in the SDF file layout, is there a specific dollar amount deemed substantial in either of these cases?

Section 193.114(2)(o) uses the term “significantly different.” How does DOR define “significantly different” as it relates to our property data?

A. The term “significantly different” is not defined in statute. That is a determination that would be made based on established appraisal practices and the property appraiser’s knowledge of the physical attributes of the subject property.

Q2. a. While the 12/19/08 memo from James McAdams states that, “Per F.S. 193.114(2)(o), each sold parcel must have a code that the physical attributes of the property, as of January 1, were significantly different than that at the time of the last sale,” the ‘sale property change code’ is per sale not per parcel?

A. Yes, the sale property change code would be applied to each sale, not per parcel.

b. Not every sale will have a sale property change code in the record?

A. That is correct.

c. The split/combine flags on the NAL file are for a different use, and should not be used in conjunction or necessarily associated with the split/combine sale property change codes on the SDF file?

A. The split/combine flags (now field #35), on the new NAL layout can apply to any parcel whether sold or unsold. There can be circumstances where a split/combine flag appears on the NAL and is also present on the sales data file.

For example: Parcel "A" sells in January. In November it is split or combined. We would expect to see the appropriate split/combine flag on the NAL file in field 35 submitted the following July, and because it occurred after the sale date and prior to the assessment date we would also expect it to be noted on the sales data file in field #7.

When the sale precedes the split or combine, we would expect to see the split or combine denoted on both the NAL & SDF file. If the sale occurs after the split or combine we would expect to see the indication noted on the NAL file only.

d. The sale property change code should only be present on parcels that have sold AND had a significant change between the sale date and January 1 of the following year?

A. Ideally yes, but unfortunately not always. The important thing to remember is the sale property change code should be present on a sale when there has been a change to the parcel which causes the assessment value to not be reflective of what was there at the time of the sale. This also needs to be correctly reflected on any roll submission supplied to the Department.

If a parcel sells in March and nothing happens for the rest of the year through December, the following July, we would expect to receive a submission for that sale with no change code. This would indicate that the basic attributes of the March sale are reflected in your January assessment.

If between the Preliminary and Final rolls you process a split or combine that causes the original assessment to change, we would expect to see both a different just value and a change code indicating what transpired.

The basic question to be asked is; "Are the attributes of what is being assessed and submitted the same for the property as those at the time of sale?" If the

answer is “no” then a change code is required. If the answer is “yes” then a change code is not required.

e. You mentioned that the sale property change code should remain present on the file through the various submissions. Should it also remain the same through those submissions? Please expand on this.

A. Beginning with the April 2009 submission we will be getting all 2008 sales and some 2009 sales. In July, we will again get all 2008 sales and more 2009 sales. This pattern will be repeated for the final submission with additional 2009 sales being added. All applicable property change codes should be current for each submission.

Beginning in April of 2010 you will submit a listing of all 2009 sales as well as the first of the 2010 sales. The 2009 sales will be submitted through your 2010 final submission. As you can see, a January 2009 sale could be submitted up to 6 times (April 2009, July 2009, October 2009, April 2010, July 2010, & October 2010). Any change in assessment that reflects a change in attributes between the submission date & sale date should be accompanied by the appropriate sale change code.

The code may not remain the same through the various submissions. You could go from no code to one of the 6 desired codes if applicable. You could have a change in codes from one submission to the other. We recommend you submit the most recent applicable code.

f. Being that property is assessed as of January 1 for the current tax roll year, changes keyed in May 2009 reflect as of January 1, 2009, not after. If a property sold in March 2008, and we keyed a significant deletion in May 2009, a sale property change code of 4 is expected on the file for the March sale, correct?

A. Correct based on the assumption the deletion was actually prior to January 1<sup>st</sup> and is reflected in your assessment.

g. Being that property is assessed as of January 1 for the current tax roll year, changes keyed in May 2009 reflect as of January 1, 2009, not after. If a property sold in March 2009, and we keyed a significant deletion in May 2009, the sale property change code would be blank? (Due to the delay in keying the assessment as of January 1)

A. Correct. If the deletion occurred prior to the sale and the sales price is reflective of the deletion having already taken place, then the property change code would be left blank on the SDF.

h. If Parcel A sold in July 2008, and then a portion of Parcel A was sold in October (Parcel B), the sale property change code for Parcel A (July sale) would

be 1. The sale property change code would be blank for Parcel B (for the October sale)?

A. Correct. And, Parcel A would have a split code on the NAL as well.

i. If Parcel A was originally an improved parcel, but then in October, sold that portion of land with the building – rather than create a new Parcel B, the land and building were combined to an existing parcel, would the sale property change code for the October sale on the existing parcel still be blank or would it now be 2?

A. If we understand your scenario we have the following:

Parcel A was improved and the building and an associated portion of land was sold to another party. Now parcel A consists of the remaining vacant land.

Sold parcel B was combined with existing parcel C.

If this is the correct interpretation, then the following would occur:

Parcel A would have a split code reflected on the NAL.

Parcel C would have a combine code reflected on the NAL.

Sale B, which is now associated with parcel C, would have a property change code of 2 on the SDF.

### ***SDF Field 14 – Sale Identification Code***

Q1. Our county is having difficulty in implementing the requirements associated with field 14 on the Sales Data File. Are there any other options available?

A. In response to concerns relating to recently added field 14 - Sale Identification Code on the Sales Data File layout, the Department has made a change to the original field requirements. The initial requirement was for a 4 digit entry that used a Department prescribed coding matrix (0801, 0802, 0803, 0901, 0902 etc) applied to each sale within a parcel.

In recognizing the various programming systems in use throughout the state, the Department has changed the field requirements in order to allow more flexibility. The field has been modified to accommodate up to a twenty-five character entry which can include dashes or periods (no commas or semi-colons).

This modification allows for several options. You can use the original coding matrix as indicated by the Department. You can use any existing unique sale identification code already part of your system as long as it does not exceed 25

characters. Or, you can create your own unique sale identification number up to 25 characters.

If for some reason the 25 character limit would need to be exceeded we ask that you contact the Department.

Q2. a. We assume that the sale identification code ordering was within the parcel. Is this correct?

A. Based on your example below, no. The referencing is within the parcel, but ordered by year - see next question.

b. The first 2-digits are the sale year; the next 2-digits should be the chronological order of the sales per parcel.

Example: Parcel D has 4 sales -

ORB 4152 Page 0345	DATE 1/28/09	FIELD 14: 0904
ORB 4040 Page 0770	DATE 10/7/08	FIELD 14: 0803
ORB 3800 Page 1201	DATE 05/24/08	FIELD 14: 0802
ORB 3779 Page 0569	DATE 03/05/08	FIELD 14: 0801

A. This is incorrect. The first sale of 2009 would start with 01 not 04. Although it is the fourth sale of the parcel it is the first sale of 2009.

ORB 3779 PAGE 0569	DATE 03/05/08	FIELD 14: 0801
ORB 3800 PAGE 1201	DATE 05/24/08	FIELD 14: 0802
ORB 4040 PAGE 0770	DATE 10/07/08	FIELD 14: 0803
ORB 4152 PAGE 0345	DATE 01/28/09	FIELD 14: 0901
ORB 4334 PAGE 0001	DATE 06/15/09	FIELD 14: 0902

For additional information, see previous question and response.

# NAL/NAP/SDF FILE LAYOUT QUESTIONS

## *NAL/NAP/SDF File Tests*

### **Form and Format of Assessment Rolls**

Q1. Section 193.114(6) requires that the tax roll shall be prepared in the format and contain the data fields specified. Are we permitted to keep some fields blank (or incomplete) until we acquire the data on a going-forward basis in future years?

A. The new NAL file layout will require that all 92 fields are accounted for in a comma delimited format regardless of whether the actual data is available or not. The new NAP file layout will require that all 36 fields are accounted for in a comma delimited format and the new SDF file layout will require that all 14 fields are accounted for in a comma delimited format.

Most new data fields are required by law. If there are issues with being able to acquire complete data for specific fields, you should submit a proposed plan for meeting the statutory requirement and any background information you consider relevant.

## **Qualification Codes Questions**

### ***2009 Qualification Codes***

Q1. The 2009 Sale Qualification Code list is extensive. Please discuss the reasoning for going from 4 codes to 28 and explain the list.

A. The 2009 Sale Qualification Code list was changed from 4 codes to 28 for a number of reasons.

- Over the years we have received numerous requests to expand the list to be more inclusive. Several counties have told us about the expanded lists they use internally.
- There have been suggestions made to add codes for reasons not listed in the Florida Administrative Code.
- During sale qualification studies we've noted that there are inconsistencies with how sales are qualified across the state.
- During sale qualification studies there has been confusion about when documentation was required.

- There has been confusion about sale qualification based solely on review of a deed and sale verification where additional information is gathered.
- There has been misunderstanding about the use of sale qualification codes for DOR purposes in contrast to the use of qualified sales for valuation purposes.

The new code list has been designed to clarify these issues. Sales used for sale ratio purposes should be arm's-length transactions of single properties where property characteristics at the time of sale are the same as property characteristics as of the date of value – January 1<sup>st</sup> of each year.

The 2009 code list started with the original 12D-8.011(m)(3) list; reasons not listed in this original list of 4 codes were specified. While the previous 4 codes did not list the individual reasons given in 12D-8, the analysis of sales should have taken these reasons into consideration so the only change is that a specific code will be entered as opposed to codes 01-03. This should aid the Sale Qualification Study and should help make it clear to county analysts why the sale is disqualified.

The Department recognizes that sale qualification decisions happen before sale verifications but can change after a sale participant has been contacted. A sale that has been disqualified 'on the face of the deed' may in fact be found to be a qualified sale during the verification process. A sale that appears to be qualified 'on the face of the deed' may be found to be not qualified after discussions with participants to the transaction. The code list will accommodate both types of decisions and are categorized in accordance to this practice.

### **Sales included for sale ratio analysis**

Code 01 is used when a sale has not been verified but it appears to be qualified based solely on examination of the deed.

Code 02, however, is to be used when a sale appears to be disqualified but was found to be qualified based on verification with a sale participant.

### **Sales excluded from sale ratio analysis**

The next 3 codes are for sales that are qualified but are not useful for sale ratio studies.

### **Sale disqualified as a result of examination of the deed per Rule 12D-8.011(m)(3), Florida Administrative Code**

The next ten codes are sales that are disqualified based solely on a review of the deed. These are generally the same reasons given in Rule 12D-8.011(m)(3).

However, code 11 has been updated to include transfers of ownership by means other than a recorded deed such as a final judgment or court order.

Upon further investigation, some of the transactions that would be disqualified for these reasons may be found to be qualified. When transactions that initially appear disqualified are found to meet the requirements of an arm's-length transaction, Code 02 should be used.

### **Sale disqualified as a result of credible, verifiable, and documented evidence**

The next 11 codes are for transactions that appear qualified based solely on a review of the deed but are found to be disqualified following verification.

There are special circumstances that may not fall into Code 30-40. Code 41 will be used to capture these special circumstances but is intended to use with groups of sales; not individual circumstances. If you have an area in your county that presents a special problem, please contact Kelly McLane to discuss the special circumstances ([McLaneK@dor.state.fl.us](mailto:McLaneK@dor.state.fl.us)). We are working on a process for the use of Code 41.

### **Sale qualification decision pending**

Some counties have asked for a code that denotes a sale that has been entered into a CAMA system but a sale qualification decision has not been made. This code can be used within the 90-day time period for this reason. After 90 days, another sale qualification code should be entered for these sales. The Department requests code 99 be used rather than leaving the entry blank.

Q2. We are having difficulty programming our system with the new codes since we already have old codes with some of the same numbers. Can you renumber the code list to start after 03?

We understand the difficulty with programming for the new code list and have discussed the option of renumbering the list. Unfortunately, we believe to do so will cause more problems for counties who have already reprogrammed their systems and have decided it would be unwise to try to do this.

Many counties had already programmed more than the original 4 codes in their systems before the new list was developed. These counties were already using expanded lists internally since expanded lists seemed to be a best practice. They were transforming their internal list to DOR's 4 codes. It would be very difficult to change the numbering system to start at a number that accommodates everyone's existing lists.

Feedback from other counties indicates that leaving the existing numbering system was the best option for most counties. If you are having difficulty with system programming, please call Charlie Gordon at 850-922-7951 for assistance.

Q3. My question refers to the new sale codes (01 to 41) that we are now required to use. We have already installed these codes to our system not only for 2009 sales but we already converted our **2008 sales** with these new codes as well. Will this cause a problem when we submit our new sale file by April 1<sup>st</sup> as well as when we submit this file during the preliminary roll and final roll regarding the 2008 sales?

A. Yes, it will cause a problem for us. The new sales codes should only apply to 2009 sales and later years. All 2008 sales should be submitted using the qualification coding system as used in previous submissions. This means that for all of the 2009 submissions (sale, preliminary, and final) the 2008 sales will have one set of codes and the 2009 sales will have another.

Additionally, we have added a code (99) to the 2009 sales qualification code list. The updated list of sale qualification codes is located at:

[Http://dor.myflorida.com/dor/property/salequalcodes.pdf](http://dor.myflorida.com/dor/property/salequalcodes.pdf)

Q4. We have a question on the 2009 Roll approval process, attachment 3, Sales Qualification Codes #40 Transaction involving non-market financing or assumption of non-market lease. Would seller-financed sales fall in non-market financing?

A. Rule 12D-1.002(2), Florida Administrative Code, defines just value as:

*“The price at which a property, if offered for sale in the open market, with a reasonable time for the seller to find a purchaser, **would transfer for cash or its equivalent, under prevailing market conditions** between parties who have knowledge of the uses to which the property may be put, both seeking to maximize their gains and neither being in a position to take advantage of the exigencies of the other.”*

The terms included in this definition define what an arm's-length transaction is and includes the concept of cash equivalency. An analysis of the sale would be required to determine if the sale represents an arm's-length transaction.

Non-market financing can include both below market (favorable) terms or terms at higher rates than is typical in the market. Included in non-market financing could be seller-financed sales, installment sale contracts and wraparound loans. Financing terms to be analyzed include the length of mortgage (number of payments), the interest rate, points, and type of loan (conventional, ARM, FHA).

Therefore, just because a transaction is financed by the seller does not necessarily mean the terms represent non-market financing. A seller could be offering to finance the property at market terms. A study of typical market finance terms, as of the date of sale, as compared to the terms of the financing of the sale property, is necessary to make that determination.

If the sale is determined to have non-market financing, then the sale may be considered for disqualification, as long as there is credible, verifiable, and documented evidence to support the disqualification.

We've updated the 2009 Sale Qualification Code list and added code 99. This code may be used on the NAL if the sale is within 90 days, at time of roll submission, and a qualification decision has not been made. After 90 days the qualification code must be entered.

The Department is currently offering a Sales Qualification and Verification workshop that is available through the use of WebEx. To register for this course, please contact Kelly McLane at (850) 941-6024. Following these workshops we will post a list of Frequently Asked Questions on our website.

## ***2008 & 2009 Sales Qualification Codes***

### ***Physical & Legal Characteristics***

Q1. What are the specific definitions of “physical characteristics” and “legal characteristics”?

A. See the Florida Real Property Guidelines for definitions and information on physical and legal characteristics (Section 6.0). The guidelines are available at:

[Http://dor.myflorida.com/dor/property/RP/FLrpg.pdf](http://dor.myflorida.com/dor/property/RP/FLrpg.pdf)

Q2. We are looking at the Sale Qualification Codes that the DOR sent the Property Appraiser's to use beginning January 1, 2009. We need some help understanding Code 04 which states Sale qualified at time of sale, but legal characteristics have significantly changed after sale. Please send us some information or examples that will help us with coding these properties.

A. Legal changes refer to zoning and/or future land use changes. Other legal changes that may impact value would include changes in building moratoriums, changes to subdivision covenants/restrictions, and/or the imposition or change of environmental regulations which preclude or change building plans and therefore value.

When the characteristics of the property change between the sale date and the assessment date to the point they affect the assessment, thereby adversely affecting a sales to assessment ratio study, in lieu of disqualifying an otherwise qualified sale, we are providing a process where the county can communicate to us that the basis of the assessment provided to the Department is not the same as what was in place at the time of the sale.

### ***Changes to Sales or Sale Qualification Decisions***

Q1. We are concerned that we will not be able to change our sale qualification decisions once they are submitted to DOR on April 1<sup>st</sup> of each year. We sometimes get sale verification letters back several months after we have sent them. Can you please address our concern? What will happen if the qualification code recorded on the sale submission is changed on the preliminary submission?

A. Verifying sales is a good practice. The Department recognizes that participants in a sale may not respond to your verification letters in a timely manner. We also recognize that some sales seem out of the market range once valuation decisions are being developed and further investigation into a sale may need to be done after the 90 days has expired.

It is important that the correct sale qualification/disqualification code be used for all sales. Therefore, we expect a small number of qualification/disqualification codes to change from the sale submission to the preliminary submission. We will be studying these changes to find out what an acceptable range of changes will be.

However, once a preliminary roll is accepted as a complete submission, no changes to sale qualification codes will be allowed should a roll have to be resubmitted for any reason.

Q2. I need some verification that for the 4-1-2009 sale submission the 1-2009, 2-2009, and 3-2009 sales should be entered and qualified or unqualified by 4-1-2009. Are we allowed to make any changes to the Jan, Feb, or March 2009 sales after the 4-1-2009 date?

A. According to Florida Statutes 193.114(2)(n), sale data must be current on all tax rolls submitted to the department, and sale qualification decisions must be recorded on the tax roll within 3 months after the sale date.

For the 4-1-09 Sale Data File (SDF) submission, all 2008 sales should be recorded on the tax roll and the qualification decision made and recorded. First quarter 2009 sales should be reported on the tax roll (...sale date must be current...), but you have 3 months from the sale date to make the qualification decision. Qualification decisions reported on the April 1st SDF for 1st quarter 2009 sales are not expected to be the final qualification decisions, as these sales are still within the 3 month window. We would expect final qualification decisions for 1st quarter 2009 sales to be reported on the July 1st Preliminary Sale Data File.