

City of Dover
Tax Appeal Committee

TAX APPEAL POLICY

Policy # 1
Date Approved 11/13/06

Title: Adoption of HUD Settlement Sheet for all real property deed transfers.

Presentation:

This is a request for the adoption of a new policy which requires a copy of the HUD Settlement Sheet by this Office as part of the auditing procedures for the administration of the Transfer Tax and Ad Valorem Tax.

There are three fundamental reasons for this requirement; which are rooted in the Professional Appraisal/Assessment standards of the International Association of Assessing Officers (IAAO) and the 2006 Uniform Standards of Professional Appraisal Practices (USPAP) required by the Appraisal Foundation, authorized by the US Congress as part of Financial Institution Reform and Recovery Act of 1989. (FIRREA)

The City Assessor is responsible for the administration and enforcement of the Realty Transfer Tax and the assurance that all properties are assessed at 100 % of market value for Ad Valorem Taxation, per the City of Dover Code and Ordinances.

The appraisal and the assessment professional standards for Ad Valorem Taxation require the verification that all sale transactions are substantiated as being “arms length transactions”.¹

1. The HUD settlement sheet² is the most reliable of all methods to verify that the sales transactions are at 100% of market value.
2. Under the provisions of the Realty Transfer Tax Law, the amount of tax due to the City of Dover is predicated upon either “the assessed value or the fair appraisal value”³, whichever is greater.

¹ The Appraisal of Real Estate, 12th Edition, The Appraisal Institute 1980 ISBN; 0-922154-67-68

² form HUD-1 (3/86) ref Handbook 4305.2

³ State of Delaware Title 30, Chapter 54 Realty Transfer Tax-Section 5401 (3)-Definition of Value

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3. As part of this office's revaluation efforts the HUD statement is required to conduct equalization/statistical studies in order to substantiate equal protection of the law requirements.
4. The HUD Statement, as well as the Income and Expense Statements and Transfer Tax Affidavits, will remain confidential in the Assessor's Office, and will not be made a matter of public record.

In conclusion, the adoption of these professional standards is necessary to conduct short term day to day and long term appraisal assessment procedures.