

DEPRECIATION SCHEDULES AND TABLES

It is often advisable to develop schedules and tables to be used as a guide for the appraiser to determine value. The use of such tables is especially applicable in mass appraisals for tax equalization purposes where it is essential to establish and maintain uniformity. Percent Good tables, however, based on actual age alone are impractical. Remodeling, for instance, has the effect of prolonging the remaining life of a building, thus making its effective age considerably different than its actual age. Consideration must be given to all the factors operating to influence the overall condition, desirability, and degree of usefulness of each structure.

As houses grow older, they wear out; they become less desirable, less useful. This universal decline in value is called depreciation, and appraisers are required to determine the degree of this loss in each property they examine. If all houses deteriorated at the same rate, this decline in value would be a simple function of the age of the structure - a certain percentage per year. However, houses depreciate at varying rates depending on several different variables.

Every building is acted upon by two value-reducing forces. One tends to shorten its physical life; the other shortens its economic life. Both forces act concurrently, overlap, and affect each other. A new house, or any type of structure for that matter, has its greatest value at the moment of completion. Its expectancy of life - both physical and economic - is longest on the day the key is handed over by the builder. The building is then most desirable and most useful. The future benefits which the occupant may expect to enjoy are at the maximum. From that day forward, however, decay and wear-and-tear act to lessen the value of the structure by curtailing its remaining capacity for use.

At the same time, the house is "wearing out," it is also "going out of style." It is becoming less desirable. It is progressively becoming less useful, both from the effect of forces within the property (obsolescence), and outside of it as well (encroachment of undesirable influences such as less desirable property uses).

Neither physical decline nor functional loss is constant in their action. Deterioration is a relatively steady process offset periodically by maintenance. Worn-out elements of the building are repaired or replaced at intervals, depending upon the policy of the owner. Cheaper houses generally deteriorate faster than better ones. Obsolescence and encroachment may come slowly or happen almost overnight. The forces which cause both deterioration and functional/economic depreciation may act and often do act simultaneously, but they are not necessarily related. A house may decline in physical condition, and yet throughout its entire life remain relatively functional.

Obviously enough, the age of a house remains an important factor in estimating accrued depreciation. A certain number of houses will receive "normal" maintenance and will experience "average" economic loss due to obsolescence and functional depreciation. These buildings will depreciate at an average rate as they grow older.

Other houses will lose value at lesser or more rapid rates. Normal age depreciation may be modified according to the appraiser's best determination of the relative loss of value in a structure, as compared with the average loss that might be expected. Houses depreciate not

merely because they grow older, but because they wear out and become less desirable and less useful from a variety of causes.

Age is reflected as an index of the normal deterioration and obsolescence in a structure which may be expected over the years. Desirability is a measure of the degree of appeal a particular building may have to prospective purchasers. Usefulness is a measure of the utility value of the structure for the purpose for which it may be used.

Percent good is defined as the resultant estimate of the diminishing value of an improvement, after subtracting the amount of estimated depreciation from the Replacement Cost New. For example, a structure which is estimated to be 45 percent depreciated as of a given time has a percent good of 55. Therefore, depreciation and percent good are complements of each other.

The degree of deterioration and obsolescence, or loss of value from all causes, both within and without the property, is automatically taken into account. This is accomplished by means of a determining the capabilities and qualities of the structure, in precisely the same terms as would a prospective purchaser. Sound valuation theory presupposes the existence of a prospective buyer with intelligence enough to compare the advantages and disadvantages of competing properties, and to rate the property he is examining according to its relative degree of desirability and usefulness.

RESIDENTIAL PHYSICAL DEPRECIATION

EFF AGE	EXC	GOOD	AVG	FAIR	POOR	V POOR	UN SOUND
0	0	0	0	5	15	20	100
1	0	0	1	6	16	22	100
2	0	0	1	7	17	24	100
3	0	0	2	9	19	26	100
4	0	0	3	10	20	28	100
5	0	0	3	12	22	30	100
6	0	1	4	14	24	32	100
7	0	2	5	15	25	34	100
8	0	3	6	16	26	36	100
9	1	4	7	17	27	37	100
10	1	5	8	18	28	38	100
11	2	5	9	19	29	39	100
12	2	6	10	20	30	40	100
13	3	7	11	21	31	41	100
14	3	7	12	22	32	42	100
15	4	8	13	23	33	43	100
16	4	9	14	24	34	44	100
17	5	10	15	25	35	45	100
18	5	10	16	26	36	46	100
19	6	11	17	27	37	47	100
20	6	12	18	28	38	48	100
21	7	12	19	29	39	49	100
22	7	13	20	30	40	50	100
23	8	14	21	31	41	51	100
24	8	14	22	32	42	52	100
25	9	15	23	33	43	53	100
26	9	15	24	34	44	54	100
27	10	16	25	35	45	55	100
28	10	16	26	36	46	56	100
29	11	17	27	37	47	57	100
30	11	18	28	38	48	58	100
31	12	19	29	39	49	59	100
32	12	19	30	40	50	60	100
33	13	20	31	41	51	61	100
34	13	20	32	42	52	62	100
35	14	21	33	43	53	63	100
36	14	22	34	44	54	64	100
37	15	23	35	45	55	65	100
38	15	23	36	46	56	66	100
39	16	24	37	47	57	67	100
40	16	25	38	48	58	68	100
41	17	25	39	49	59	69	100
42	17	26	40	50	60	70	100
43	18	27	41	51	61	71	100
44	18	27	42	52	62	72	100
45	19	28	43	53	63	73	100
46	19	29	44	54	64	74	100
47	20	30	45	55	65	75	100
48	20	30	46	56	66	76	100

RESIDENTIAL PHYSICAL DEPRECIATION

EFF AGE	EXC	GOOD	AVG	FAIR	POOR	V POOR	UN SOUND
49	21	31	47	57	67	77	100
50	21	31	48	58	68	78	100
51	22	32	49	59	69	79	100
52	22	33	50	60	70	80	100
53	23	34	51	61	71	81	100
54	23	34	51	61	71	81	100
55	24	35	52	62	72	82	100
56	24	35	53	63	73	83	100
57	25	36	54	64	74	84	100
58	25	36	54	64	74	84	100
59	26	37	55	65	75	85	100
60	26	38	56	66	76	86	100
61	27	38	56	66	76	86	100
62	27	39	57	67	77	87	100
63	28	40	58	68	78	88	100
64	28	40	58	68	78	88	100
65	29	41	59	69	79	89	100
66	29	41	59	69	79	89	100
67	30	42	59	69	79	89	100
68	30	42	60	70	80	90	100
69	31	42	60	70	80	90	100
70	31	43	60	70	80	90	100
71	32	43	61	71	81	91	100
72	32	43	61	71	81	91	100
73	33	44	61	71	81	91	100
74	33	44	61	71	81	91	100
75	34	44	62	72	82	92	100
76	34	45	62	72	82	92	100
77	35	45	62	72	82	92	100
78	35	45	62	72	82	92	100
79	36	46	62	72	82	92	100
80	36	46	63	73	83	93	100
81	37	46	63	73	83	93	100
82	37	47	63	73	83	93	100
83	38	47	63	73	83	93	100
84	38	47	63	73	83	93	100
85	39	48	64	74	84	94	100
86	39	48	64	74	84	94	100
87	40	49	64	74	84	94	100
88	40	49	65	75	85	95	100
89	41	50	65	75	85	95	100
90	41	50	65	75	85	95	100
91	42	51	66	76	86	96	100
92	42	51	66	76	86	96	100
93	43	52	67	77	87	97	100
94	43	52	67	77	87	97	100
95	44	53	68	78	88	98	100
96	44	53	68	78	88	98	100
97	45	54	69	79	89	99	100

DOUBLE WIDE – MH-M PHYSICAL DEPRECIATION

EFF AGE	EXC	GOOD	AVG	FAIR	POOR	V POOR	UN SOUND
1	0	0	1	5	15	20	100
2	0	1	3	10	20	25	100
3	1	2	5	15	25	30	100
4	1	3	7	19	29	36	100
5	2	5	9	23	33	42	100
6	2	7	11	24	34	44	100
7	3	9	13	26	36	46	100
8	4	11	15	27	37	47	100
9	5	13	17	29	39	49	100
10	6	15	19	30	40	50	100
11	7	16	21	32	42	52	100
12	8	17	23	33	43	53	100
13	9	18	25	35	45	55	100
14	10	19	26	36	46	56	100
15	11	20	28	38	48	58	100
16	12	21	29	39	49	59	100
17	13	22	31	41	51	61	100
18	14	24	33	43	53	63	100
19	15	25	35	45	55	65	100
20	16	26	37	47	57	67	100
21	17	28	39	49	59	69	100
22	18	29	41	51	61	71	100
23	19	31	43	53	63	73	100
24	20	32	45	55	65	75	100
25	21	34	47	57	67	77	100
26	22	35	49	59	69	79	100
27	23	37	51	61	71	81	100
28	24	38	53	63	73	83	100
29	25	40	55	65	75	85	100
30	26	41	57	67	77	87	100
31	27	43	59	69	79	89	100
32	28	44	60	70	80	90	100
33	29	45	61	71	81	91	100
34	30	46	62	72	82	92	100
35	31	47	63	73	83	93	100
36	32	48	64	74	84	94	100
37	33	49	65	75	85	95	100
38	34	50	66	76	86	96	100
39	35	51	67	77	87	96	100
40	36	52	68	78	88	96	100
41	37	53	69	79	89	96	100
42	38	54	70	80	90	97	100
43	39	55	71	81	91	97	100
44	40	56	72	82	92	97	100
45	41	57	73	83	93	97	100
46	42	58	74	84	94	98	100
47	43	59	76	86	96	98	100
48	44	60	76	86	96	98	100
49	45	61	77	87	97	98	100

DOUBLE WIDE – MH-M PHYSICAL DEPRECIATION

EFF AGE	EXC	GOOD	AVG	FAIR	POOR	V POOR	UNSOUND
50	46	62	78	88	97	98	100
51	47	63	79	89	98	99	100
52	48	64	80	90	98	99	100
53	49	65	81	91	98	99	100
54	50	66	82	92	98	99	100
55	51	67	83	93	98	99	100
56	52	68	84	94	99	100	100
57	53	69	85	95	99	100	100
58	54	70	86	96	99	100	100
59	55	71	87	97	99	100	100
60	56	72	88	98	99	100	100
61	57	73	89	99	99	100	100
62	58	74	90	99	99	100	100
63	59	75	91	99	99	100	100
64	60	76	92	99	99	100	100
65	61	77	93	99	99	100	100
66	62	78	94	99	99	100	100
67	63	79	95	99	99	100	100
68	64	80	95	99	99	100	100
69	65	81	95	99	99	100	100
70	66	82	95	99	99	100	100

SINGLE WIDE – MH-N PHYSICAL DEPRECIATION

EFF AGE	EXC	GOOD	AVG	FAIR	POOR	V POOR	UN SOUND
1	0	0	0	5	15	20	100
2	0	1	4	9	19	25	100
3	2	5	8	13	23	30	100
4	4	7	10	15	25	35	100
5	6	9	12	18	28	38	100
6	8	11	14	21	31	41	100
7	10	13	16	24	34	44	100
8	12	15	18	27	37	47	100
9	14	17	20	30	40	50	100
10	16	19	22	32	42	52	100
11	18	21	24	34	44	54	100
12	20	23	26	36	46	56	100
13	22	25	28	38	48	58	100
14	24	27	30	40	50	60	100
15	26	29	32	42	52	62	100
16	28	31	34	44	54	64	100
17	30	33	36	46	56	66	100
18	32	35	38	48	58	68	100
19	34	37	40	50	60	70	100
20	36	39	42	52	62	72	100
21	38	41	44	54	64	74	100
22	40	43	46	56	66	76	100
23	42	45	48	58	68	78	100
24	44	47	50	60	70	80	100
25	46	49	52	62	72	82	100
26	48	51	54	64	74	84	100
27	50	53	56	66	76	86	100
28	52	55	58	68	78	88	100
29	54	57	60	70	80	90	100
30	56	59	62	72	82	92	100
31	58	61	64	74	84	93	100
32	60	63	66	76	86	94	100
33	62	65	68	78	88	95	100
34	64	67	70	80	90	96	100
35	66	69	72	82	92	97	100
36	68	71	74	84	94	97	100
37	70	73	76	86	96	97	100
38	72	75	78	88	97	98	100
39	74	77	80	90	97	98	100
40	76	79	82	92	97	98	100
41	78	81	84	94	97	98	100
42	80	83	86	94	97	98	100
43	82	85	88	95	98	99	100
44	84	87	90	95	98	99	100
45	84	87	90	95	98	99	100
46	84	87	90	96	98	99	100
47	84	87	90	96	98	99	100
48	84	87	90	96	98	99	100
49	84	87	90	96	98	99	100

SINGLE WIDE – MH-N PHYSICAL DEPRECIATION

EFF AGE	EXC	GOOD	AVG	FAIR	POOR	V POOR	UNSOUND
50	84	87	90	96	98	99	100

COMMERCIAL/INDUSTRIAL COMMON CAUSES OF OBSOLESCENCE

In the final analysis, an estimate of depreciation or value loss represents an opinion of the appraiser as to the degree that the present and future appeal of a property has been diminished by deterioration and obsolescence. The accuracy of the estimate will be a product of the appraiser’s experience in recognizing the symptoms of deterioration and obsolescence and his ability to exercise sound judgment in equating his observations to the proper monetary allowance to be deducted from the replacement cost new. The following tables have been provided as guidelines to assist the appraiser in arriving at the resultant estimate of the diminishing value of improvements after subtracting all forms of depreciation. Following is a listing of some of the most common sources of functional and economic obsolescence, which should further assist him in arriving at a reasonable estimate of obsolescence.

Common Causes of Functional Obsolescence:

- Effects of corrosion created by manufacturing, processing, or storing of chemicals.
- Poor ratio of land area to building area.
- Inadequate parking, and/or truck and railroad loading and unloading facilities.
- High maintenance costs resulting from mixed building constructions and/or the use of obsolescent building materials.
- Insufficient and inadequate elevator service.
- Excessive or deficient floor load capacity.
- An unattractive appearance that is inconsistent with present use and surrounding properties.
- Foundational and structural failures due to poor soil conditions, poor design, excessive loading, poor maintenance, excessive vibration of building and process equipment.
- Inadequate power distribution, heating, ventilation, air-conditioning, or lighting systems.
- Inadequate or unsuitable utility space.
- Poor proportion of office, rental, or manufacturing, and warehouse space.
- Limited use and excessive material and product handling costs caused by irregular and inefficient floor plans, varying floor elevations, inadequate clearance, and cut up interiors with small bays and excessive number of walls, posts and columns.
- Multi-story design when single-story would be more efficient and economical.

Common Causes of Economic Obsolescence:

- Zoning laws or other regulations which affect the usage and operation of the property.
- Building code requirements which set current acceptable construction standards.
- Market acceptability of the product or services for which the property was constructed or is currently used.

- Profitability of the operation of the property and the justifiable investment which the business would support.
- Termination of the need for the property due to actual or probable changes in economic or social conditions.

COMMERCIAL/INDUSTRIAL PERCENT GOOD GUIDELINES

1. Determine the building's effective age by observing its condition relative to its actual age/economic life.
2. Select the suggested percent good allowance based upon its effective age.

COMMERCIAL PHYSICAL DEPRECIATION

EFF AGE	EXC	GOOD	AVG	FAIR	POOR	V POOR	UN SOUND
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0	0	0	1	10	20	30	100
1	0	0	2	12	22	32	100
2	0	0	4	14	24	34	100
3	0	2	5	15	25	35	100
4	0	3	6	16	26	36	100
5	0	5	8	18	28	38	100
6	3	6	9	19	29	39	100
7	4	7	10	20	30	40	100
8	6	9	12	22	32	42	100
9	7	10	13	23	33	43	100
10	9	12	15	25	35	45	100
11	10	13	16	26	36	46	100
12	12	15	18	28	38	48	100
13	13	16	19	29	39	49	100
14	15	18	21	31	41	51	100
15	17	20	23	33	43	53	100
16	18	21	24	34	44	54	100
17	20	23	26	36	46	56	100
18	21	24	27	37	47	57	100
19	22	25	28	38	48	58	100
20	24	27	30	40	50	60	100
21	26	29	32	42	52	62	100
22	27	30	33	43	53	63	100
23	29	32	35	45	55	65	100
24	30	33	36	46	56	66	100
25	32	35	38	48	58	68	100
26	33	36	39	49	59	69	100
27	34	37	40	50	60	70	100
28	36	39	42	52	62	72	100
29	37	40	43	53	63	73	100
30	39	42	45	55	65	75	100
31	40	43	46	56	66	76	100
32	42	45	48	58	68	78	100
33	44	47	50	60	70	80	100
34	45	48	51	61	71	81	100
35	46	49	52	62	72	82	100
36	48	51	54	64	74	84	100
37	49	52	55	65	75	85	100
38	51	54	57	67	77	87	100
39	53	56	59	69	79	89	100
40	54	57	60	70	80	90	100
41	54	57	60	70	81	91	100
42	55	58	61	71	81	91	100
43	55	58	61	71	81	91	100
44	56	59	62	72	82	92	100
45	56	59	62	72	82	92	100
46	57	60	63	73	83	93	100
47	57	60	63	73	83	93	100
48	58	61	64	74	84	94	100

COMMERCIAL PHYSICAL DEPRECIATION

EFF AGE	EXC	GOOD	AVG	FAIR	POOR	V POOR	UNSOUND
49	58	62	65	75	85	95	100
50	59	62	65	75	85	95	100

51	60	63	66	76	86	95	100
52	60	63	66	76	86	95	100
53	61	64	67	77	87	95	100
54	62	65	68	78	88	96	100
55	63	66	69	79	89	96	100
56	64	67	70	80	90	97	100
57	65	68	71	81	91	97	100
58	66	69	72	82	92	97	100
59	67	70	73	83	93	97	100
60	67	70	73	83	93	98	100
61	68	71	74	84	94	98	100
62	68	71	74	84	94	98	100
63	69	72	75	85	95	98	100
64	69	72	75	85	95	98	100
65	69	72	75	85	95	98	100
66	69	72	75	85	95	98	100
67	69	72	75	85	95	98	100
68	69	72	75	85	95	98	100
69	70	73	76	86	96	99	100
70	70	73	76	86	96	99	100
71	70	73	76	86	96	99	100
72	70	73	76	86	96	99	100
73	71	74	77	87	97	99	100
74	71	74	77	87	97	99	100
75	71	74	77	87	97	99	100
76	71	74	77	87	97	99	100
77	71	74	77	87	97	99	100
78	71	74	77	87	97	99	100
79	71	74	77	87	97	99	100
80	72	75	78	88	98	99	100
81	72	75	78	88	98	100	100
82	72	75	78	88	98	100	100
83	72	75	78	88	98	100	100
84	72	75	78	88	98	100	100
85	73	76	79	89	99	100	100
86	73	76	79	89	99	100	100
87	73	76	79	89	99	100	100
88	73	76	79	89	99	100	100
89	74	77	80	90	99	100	100

OUTBUILDING PERCENT GOOD GUIDELINES

The appraisal of other buildings and yard improvements for both residential and commercial properties is a difficult task. Other buildings and yard improvements are rarely purchased or sold separately from the balance of the property. For example, the cost of construction of a swimming pool, which is built for the convenience and comfort of a property owner, will rarely add an equivalent amount to the market value of the property. The cost of construction of a farm

outbuilding that can be justified by its contribution to the farming operation will again seldom add an equivalent amount to the market value of the property.

In effect, outbuildings and yard improvements have value in direct proportion to the degree of utility or usefulness. This is an extension of the principle of contribution, which affirms that the value of any factor in production is dependent upon the amount which it contributes to the overall net return, irrespective of the cost of its construction. Any effective approach to the valuation of other buildings and yard improvements must reflect the action of investors. Informed farm owners and operators would not invest in buildings which could not pay for themselves by either maintaining or adding to the required level of productivity. Homeowners would not invest in swimming pools, detached garages, etc., which would not supply the degree of comfort and/or convenience they desire.

OUTBUILDING PHYSICAL DEPRECIATION

EFF AGE	EXC	GOOD	AVG	FAIR	POOR	V POOR	UN SOUND
0	0	0	0	10	15	20	100
1	0	0	1	14	18	25	100
2	0	1	3	16	21	30	100
3	0	2	4	18	25	35	100
4	0	3	6	20	28	40	100
5	1	4	7	22	31	42	100
6	1	5	9	24	34	44	100
7	2	6	10	26	36	46	100
8	2	7	12	28	38	48	100
9	3	8	13	30	40	50	100
10	3	9	15	32	42	52	100
11	4	10	16	33	43	53	100
12	4	11	18	34	44	54	100
13	5	12	20	35	45	55	100
14	5	13	22	36	46	56	100
15	6	14	24	37	47	57	100
16	6	15	26	38	48	58	100
17	7	16	28	39	49	59	100
18	7	17	30	40	50	60	100
19	8	18	32	42	52	62	100
20	8	19	34	44	54	64	100
21	9	20	36	46	56	66	100
22	9	21	37	47	57	67	100
23	10	22	39	49	59	69	100
24	10	23	40	50	60	70	100
25	11	24	42	52	62	72	100
26	11	25	43	53	63	73	100
27	12	26	45	55	65	75	100
28	12	27	46	56	66	76	100
29	13	28	48	58	68	78	100
30	13	29	49	59	69	79	100
31	14	30	51	61	71	81	100
32	14	31	52	62	72	82	100
33	15	32	54	64	74	84	100
34	15	33	55	65	75	85	100
35	16	34	57	67	77	87	100
36	16	35	58	68	78	88	100
37	17	36	60	70	80	90	100
38	17	37	61	71	81	91	100
39	18	38	62	72	82	92	100
40	18	39	63	73	83	93	100
41	19	40	64	74	84	94	100
42	19	41	65	75	85	95	100
43	20	42	66	75	85	95	100
44	20	43	67	77	87	97	100
45	21	44	68	78	88	98	100
46	21	45	69	79	89	99	100
47	22	46	70	80	90	99	100

OUTBUILDING PHYSICAL DEPRECIATION

EFF AGE	EXC	GOOD	AVG	FAIR	POOR	V POOR	UN SOUND
48	22	47	71	81	91	99	100
49	23	48	72	82	92	99	100
50	23	49	73	83	93	99	100
51	24	50	74	84	94	99	100
52	24	51	75	85	95	99	100
53	25	52	76	86	96	99	100
54	25	53	77	87	97	99	100
55	26	54	78	88	98	99	100
56	26	55	79	89	98	99	100
57	27	56	80	90	98	99	100
58	27	57	81	91	98	99	100
59	28	58	82	92	98	99	100
60	28	59	83	93	98	99	100
61	29	61	85	95	98	99	100
62	29	61	85	95	98	99	100
63	30	62	86	96	98	99	100