



**STATE OF WASHINGTON**  
**DEPARTMENT OF REVENUE**

May 2, 2011

**TO:** All County Assessors  
**FROM:** Deb Mandeville, Ratio Specialist  
Property Tax Division

*Deb Mandeville*

**SUBJECT: BARGAIN & SALE DEEDS**

The Department of Revenue (Department) received a county request in October of 2010 asking for consideration of the inclusion of Bargain & Sale Deeds as valid sales for state ratio purposes. This request resulted in a discussion of the issue at the WSACA January Ratio/Levy Sub-Committee meeting.

On January 25, 2011, I sent an e-mail to all county assessors explaining that the Department would be doing some analysis on the subject in 2011. The e-mail stated in part, "Based on the expected timeframe for completing our analysis, arriving at recommendations, and presenting them to the Assessors' Ratio/Levy Committee for review and discussion, I don't foresee any changes to the current way we view these transactions for the 2011 Real Property Ratio Study."

The topic was re-visited during a DOR/WSACA Executive Board conference call on April 21, 2011. A number of assessors were asking for reconsideration of allowing Bargain & Sale Deeds to be included in the 2011 Real Property Ratio Study.

Over the last week, the Department has contacted a number of counties to get their input on including these types of sales. We have discovered that, based on the direction from the Department in the January 2011 e-mail noting that there would be no changes for the 2011 Ratio Study, many counties have already completed their analysis for the current year's assessments. As a result, it would create duplication of work and impact uniformity across the state to include these sales at this time.

**Recommendations for the 2011 Ratio Study**

Bargain & Sale Deeds will continue to be considered invalid for state ratio purposes for the 2011 Ratio Study. Only sales with Warranty Deeds or Real Estate Contracts should be included in the valid sales reports. (WAC 458-53-080)

**Recommendations for the 2012 Ratio Study and future studies**

Beginning in 2012, the Department will require a new reporting field in both the valid and invalid sales reports listing the document type. This will allow us to track the activity of:

Property Tax Division

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- Warranty Deeds, Real Estate Contracts, Bargain & Sale Deeds, and other types of transactions included in the valid and invalid sales reports for future analysis.
- Bargain & Sale Deed sales will no longer be automatically considered invalid. They may be included in valid sales reports, along with Warranty Deeds and Real Estate Contract sales for the 2012 Ratio Study and future studies. They should only be included in the valid sales reports if the sales were utilized in a county's benchmarking processes for establishing assessed values.

The Department's stance regarding Bargain & Sale Deed sales would be that we expect an assessor to "consider" those sales on a case-by-case basis and make a determination as to whether or not they should be included in the benchmarking analysis. In "consideration," the assessor would typically look at things such as:

- Was the property listed on the open market?
- Does the sale reflect the market (or a significant portion)?
- Are there factors affecting the sale price, i.e., bank motivations and pricing?
- Can the sale be verified as to condition at the time of sale?

### **General Trends in Market Value**

WAC 458-53-135(6) says in part that the Department may consider general trends in property values.

If an assessor has concerns regarding the validity of the results of the sales and appraisal studies, they may request a review for consideration with the Assistant Director of the Department's Property Tax Division. That consideration would require:

- That the necessary reports for real property ratio calculation (including valid and invalid sales reports, real property stratification reports, the Certificate of Assessment to the Board of Equalization, and the Certificate of New Construction) be provided to the Department no later than October 31 of the current year.
- Clear, documented, and demonstrable evidence addressing the areas of concern be provided no later than October 31 of the current year.

### **Questions**

If you have questions or concerns, please contact Deb Mandeville at (360) 534-1406 or [dbm@dor.wa.gov](mailto:dbm@dor.wa.gov).

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