Ratio Codes

1. Family – a sale between relatives
   1. For state ratio purposes, any sale involving family members should be invalidated under invalidation code #1. However, if it is not apparent from the affidavit that the sale involves family members (ex: seller – Smith, purchase – Jones) and research is done to determine that family members are involved in the sale, invalidate the sale under code #27 with the information that it is a family sale so that a comment will be included (ex: father to daughter).
2. Transfers within a corporation by its affiliates or subsidiaries.
3. Administrator, guardian, or executor of an estate
   1. For state ratio purposes, any estate sale shall be invalidated under code #3.
4. Receiver or trustee in bankruptcy or equity
   1. This invalidation code shall be used when a property is being transferred to, or between lenders as a result of a foreclosure or bankruptcy where no excise tax is being paid.
5. Sheriff or bailee
6. Tax deed
7. Properties exempt from taxation (nonprofit, government, etc)
   1. This invalidation code shall be utilized if either the purchaser or the seller is an exempt entity. In many counties, exempt properties have a fairly low priority in terms of keeping them assessed at market value, so, if they were to sell, the ratio would be skewed. In the other circumstance (where the purchaser is the exempt entity),there are often situations where someone has property adjacent to a church or a school and decides to sell to that church or school for less than market value.
8. Individual sales with assessment-to-sales ratios of less than twenty-five percent or greater than one hundred seventy-five percent except as provided in WAC 458-53-070.
   1. This code should not be used when processing excise transactions. It is only used when the report is being compiled for DOR.
9. Quitclaim Deed
10. Gift Deed; love and affection deed
11. Seller’s or Purchaser’s Assignment of Contract or Deed – Transfer of Interest
12. Correction Deed
13. Trade – Exchange of Property between Same Parties
14. Deeds Involving Partial Interest in Property, such as one-third or one-half interest. (If transfer involves total interest i.e., one hundred percent of the property, sale is valid.)
    1. These sales will often be deleted even though, when taken together, 100 percent of the property is sold, and the sales should therefore be considered valid. If the sale involved 100 percent of the property, the ratio would be based on the total assessed value of the property interests and the total sale price.
15. Forced sales – transfers in lieu of imminent foreclosure, condemnation, or liquidation.
    1. This code should not be used for bank foreclosures where the lender is receiving the property back due to nonpayment. There may be a dollar amount on the excise affidavit, but that dollar amount is the balance of the mortgage and all incurred cost associated with foreclosing on the property. Excise tax is also not paid on the transfer to the lender. Code #4 should be used for foreclosures.
16. Easement or Right of Way
17. Deed in Fulfillment of Contract
    1. In many instances involving a fulfillment of contract deed, the selling price was established sometime in the past and does not reflect current market value. These sales are usually identified as Fulfillment Deed/SWD on the excise affidavit and no excise tax is being paid since it was paid when the original contract was recorded.
18. Property Physically Improved After Sale
19. Timber or Forest Land
20. Bare Lots Platted Within the 12-month Time Period Described in WAC 458-53-070 (2), with Less than 20 Percent Sold
21. Plottage – When a Larger Unit of Land is Being Assembled and an Adjoining Property is Sold at a Price Significantly Different from the Price of Property of a Similar Type
    1. This code should be used only when it can be demonstrated that the sale price is significantly different than the market value of similar property. Examples: When a commercial project requires a certain amount of property to accommodate the particular development, the developer may be willing to pay other than market value to acquire some of the parcels. Or, a building site does not meet set-back or septic requirements. In order for the site to be useable, the owner must purchase an adjacent parcel and will often pay other than market value.
22. $1,000 Sale or Under
23. Lease – Assignment, Option, Leasehold
24. Classified as “Current Use” Under Chapter 84.34 RCW as of Date of Sale
25. Change of Use Where Rezoning Takes Place
    1. This can also apply to properties which have recently been annexed if annexation resulted in a change of use due to rezoning.
26. Current Year Segregations that Have Not Been Appraised
    1. This is for splits in pending status. Be aware of your in-house processing procedures on segregations. If, at the close of the roll, the segregation process has been completed with new parcel numbers, legal descriptions, and assessed values which accurately reflect what was sold, code #26 would not apply. In this case the sale should be considered valid sale unless it is invalidated with another code.
27. Other – Necessary to Identify Reason
    1. A comment is required when using this particular invalidation code. If comments are not included, the Department of Revenue will not accept the report until comments are added.