

# MINNESOTA • REVENUE

September 29, 2005

All County Assessors, County Auditors and County Recorders

Subject: Non real estate items reported on the Certificate of Real Estate Value

We have heard that counties are receiving Certificates of Real Estate Value on which significant amounts for non real estate items have not been identified. When these sales are used in the sales ratio study the level of assessment is understated. This can result in loss of school and local government aid. It can also lead to additional tax court cases being filed if the sales ratio falls below 90%.

Non real estate items may include personal property, closing costs and additional money borrowed to repair or improve the property or for the seller's personal use. The non real estate portion of the price should be reported as personal property and itemized on the certificate. The total should be reported in item 5.

Non real estate items may also include points and prepaid interest sales. Points, prepaid interest or rebates paid by the seller should be reported in item 4 of the certificate of real estate value.

Commissions, including auction premiums, paid to an agent should remain in the sale price. However, any premiums paid by the buyer for improvements or to cover the down payment and added to the sale price should be reported in item 5 personal property on the Certificate of Real estate Value.

Please pass this on to the real estate professionals in your area.

Sincerely,

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