

**404.5 Physical review of property by assessor.**

1. The local assessor shall review each first-year application by making a physical review of the property, to determine if the improvements made increased the actual value of the qualified real estate by at least fifteen percent or at least ten percent in the case of real property assessed as residential property or the applicable percent increase requirement adopted by the city or county under [section 404.2](#). If the assessor determines that the actual value of that real estate has increased by at least the requisite percent, the assessor shall proceed to determine the actual value of the property and certify the valuation determined pursuant to [section 404.3](#) to the county auditor at the time of transmitting the assessment rolls. However, if a new structure is erected on land upon which no structure existed at the start of the new construction, the assessor shall proceed to determine the actual value of the property and certify the valuation determined pursuant to [section 404.3](#) to the county auditor at the time of transmitting the assessment rolls. The assessor shall notify the applicant of the determination, and the assessor's decision may be appealed to the local board of review at the times specified in [section 441.37](#). If an application for exemption is denied as a result of failure to sufficiently increase the value of the real estate as provided in [section 404.3](#), the owner may file a first annual application in a subsequent year when additional improvements are made to satisfy requirements of [section 404.3](#), and the provisions of [section 404.4](#) shall apply. After the tax exemption is granted, the local assessor shall continue to grant the tax exemption, with periodic physical review by the assessor, for the time period specified in [section 404.3, subsection 1, 2, 3, or 4](#), or specified in the different schedule if one has been adopted, under which the exemption was granted. The tax exemptions for the succeeding years shall be granted without the taxpayer having to file an application for the succeeding years.

2. For the purposes of [this section](#), the actual value of the property upon which the value of improvements in the form of rehabilitation or additions to existing structures shall be determined shall be the lower of either the amount listed on the assessment rolls in the assessment year in which such improvements are first begun or the price paid by the owner if the improvements in the form of rehabilitation or additions to existing structures were begun within one year of the date the property was purchased and the sale was a fair and reasonable exchange between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and each being familiar with all the facts relating to the particular property.

[C81, §404.5]

91 Acts, ch 214, §11; 92 Acts, ch 1191, §3, 4; 96 Acts, ch 1204, §40, 41; 2016 Acts, ch 1011, §67

Referred to in [§404.2, 404.4, 419.17](#)