

New Hampshire Department of Revenue Administration, Property Appraisal Division and Municipal Services Division
PO Box 487, 57 Regional Drive, Concord, NH 03302-0487 Tel. (603) 271-2687/3397

2008/2009 Current Use Rates

The rates will remain the same - please see "The Boards" on page 9 for more information.

Property Appraisal Director Retires After 36 Years

By Phil Blatsos, Commissioner

35 years and 9 months service gives one a unique perspective on state government. It allows a person of good character to evaluate past efforts in creating a vision of the future. Guy Petell retired on February 29, 2008, and although he has left state service, his vision will go on for decades to come.

In his 15 years as Director he oversaw the transformation of the Property Appraisal Division from a small revaluation operation to oversight of all property assessments in NH. This change assures greater fairness in property taxation. But it is not the mere act of change that Guy will be remembered for; it is his humanistic, common sense approach.

It was no small feat to facilitate 35 people moving in one direction during a time of great change. Change breeds uncertainty and fear, but Guy's steady hand at the helm and his historic knowledge allowed reason to prevail over fear. Guy lead and people followed. Change became a well reasoned, common sense process. It is now widely accepted that the system of property tax administration is better today than it was a decade ago. This declaration is a tribute to Guy's leadership.

Inside This Issue

2008/2009 Current Use Rates	1
Property Appraisal Director Retires After 36 Years	1
2008 Assessment Review Changes	2
Have You Mailed the Budget Documents to DRA	4
Meet the Utility Bureau	4
Help for the Elderly and Disabled	5
Q & A Brain Teasers	6
USPAP and Quantifying the Value of Excess Acreage...	7
The Boards	9
Educational Update	9
Upcoming Workshops for Municipal Trustees	11
The Acting PA Director	11



Left to Right - Rusty and Guy Petell

Guy made people feel at ease with him. Nowhere was this more evident than the 30 plus visits I made with him to various cities and towns to discuss property taxes. These visits extended from Salem and all the way up to Stewartstown, and many places in between. At each place common ground was found and the process continued with the State and Community working together. Guy worked with the communities and citizens, not just for the State. This combination made the system much better.

See Guy Petell on page 2

Guy Petell from page 1

That Guy will be missed is an understatement. That his vision will have an impact upon tax administration in the coming decade is undeniable. New people will build on his achievements but standing on such tall shoulders will make the job considerably easier.

We wish him all life's reward for a job well done.

Phil Blatsos
Commissioner
Friend and Admirer of Guy Petell

2008 Assessment Review Changes

By Josephine Belville, CNHA North District

Five years later... It's hard to believe one full cycle of municipal assessment reviews have been completed to ascertain the degree of compliance with the guidelines established by the Assessing Standards Board (ASB).

The Department of Revenue is currently scheduling pre-review meetings with municipalities scheduled for review in 2008. The ASB has voted and passed the following Guidelines effective for the 2008 through 2011 reviews.

Descriptions of the changes to the guidelines are noted in bold.

A. The Level & Uniformity of Assessments

- The Ratio should fall between .90 - 1.10% with 90% confidence level.
- The COD should not be greater than 20.0.

No changes have been made.

B. Assessing Practices

- Records should be made available to the public per RSA 91-A.
- 95% of the April 1 value sample must reflect construction done by April 1 and not after.
- A revised inventory should be in place to ensure proportionality per RSA 75.8.
- 85% of the Current Use sample should meet RSA 79-A:5 and Cub 302 & Cub 304.03 and
- Contracts should be submitted to DRA prior to starting work and should include a list of personnel working in the town.

Tax Maps are no longer included in the ASB Guidelines and will no longer be part of the assessment review process.

C. Exemptions & Credits

- 95% of the Exemptions, Credits, Religious, Charitable and Education sample should meet the Guidelines; and current A-9 and A-12 forms be on file per Tax 401.04(b) and 401.01(c).

Previously, 100% accuracy was required to meet the ASB Guidelines, now 95% accuracy will meet the ASB Guidelines.

See ASB Changes on page 3

ASB Changes from page 2

D. Accuracy of Data

- 80% of the Property Record Cards must be free of material errors. Errors are defined to be any error or combination of errors that results in a variance greater than 7.5% on the improvements or if attributable to the land value, a variance greater than 7.5% error rate of the land or if attributable to both improvements and land a variance greater than 5% of the total assessed value.

Previously, errors were defined as a variance greater than 5% of the total assessed value for land and improvements.

Data Accuracy Error Example:

Sample Property Total Assessment = \$450,000.00

Building Assessment = \$300,000.00

Land Assessment = \$150,000.00

Building Assessment Error - It is discovered a garage is not assessed on the property and its assessment equals \$30,000.00, resulting in a 10.0% error on the building value.

- OR -

Land Assessment Error - It is discovered view is not calculated on the land and its assessment equals \$20,000.00, resulting in a 13.33% error on the land value.

In either scenario this property would not meet the ASB Guidelines because the errors are greater than 7.5% building OR land allowance.

Building AND Land Assessment Error - It is discovered there is a building value error of 2.0% because of a finished basement and a

land value error of 4.0% because of topography, giving a total error rate of 6.0%.

This property would not meet the ASB Guidelines because the total errors are greater than the 5.0% building AND land allowance.

Summary - If this is the only property that failed out of a 35 +/- properties, it would result in an 8% error rate and the town would pass the ASB Guidelines for Data Accuracy, because it falls under the 80% free of material errors.

E. Proportionality

- The median ratio with 90% confidence level on all strata with 5% of overall median; and the PRD should be between .98 and 1.03 with a 90% confidence level.

Previously, the PRD was not part of the DRA findings, it was reported to the ASB for their use. The PRD will now be included as part of the DRA Review process and will be an intricate part of the Report.

F. USPAP Compliant Report

- The town assessor or hired contractor must submit a USPAP Compliant Report for all revaluations, cyclical revaluations and statistical updates based on Standard 6 of the 2005 edition of the Uniform Standards of Professional Appraisal Practice. This report will be checked for compliance against the DRA USPAP Compliant Checklist.

This was enacted per HB1206 in 2006 and effective 2007. USPAP Report compliance will become part of the DRA Review Process starting 2008.

Have You Mailed the Budget Documents to DRA???

By Barbara Robinson, Director Municipal Services

Just a reminder that signed budget documents, warrant, and minutes from annual meeting are due to the DRA 20 days after the meeting.

The MS-5 Financial Report for calendar fiscal year municipalities is due April 1. In theory, it means we already have all your documents to review. Unfortunately, that isn't the case.

Our five Municipal Account Auditors are reviewing the budget documents and financials that have already arrived timely. Our early review provides you with a comfort level that all appropriations were passed with no adjustments necessary in accordance with RSA 21-J:35. If we discover issues, we inform you immediately so you have time to adjust your spending accordingly or hold a special meeting, if necessary. This is not a situation you would want to discover in September.

Our goal is to complete 100% of the initial reviews prior to the tax rate setting process, but we need your help in order to provide better service for you. So mail your official signed documents now.

"Signed budget documents, warrant, and minutes from your annual meeting are due to DRA 20 days after the meeting."

Special Feature Meet the Utility Bureau

Scott Dickman

Scott joined the DRA in 2002 and for approximately 10 months provided assessment review and certification support to municipalities in the Department's "Eastern" district. In 2003 Scott was promoted to the Assistant Utility Appraiser position, and then a short time later, to the senior Utility Appraiser position. In that role, he is responsible for appraising all of the utility and railroad assets in New Hampshire, and enjoys assisting the taxpayers, their representatives, as well as the municipalities with utility or railroad valuation issues as they arise. In addition, his interest in valuation problems is varied, and he is frequently assigned to other valuation projects. For instance, Scott has assisted the Assessing Standards Board, and has provided analytical support to the Current Use Board by developing a model to establish values for all three forestland categories in current use, as defined by RSA 79-A.

Long before joining the DRA, Scott had completed his MBA degree from Pepperdine University in Los Angeles, and was employed for over ten years by a large aerospace company as a Senior Financial Analyst in the classified programs arena. Finally, feeling "entrepreneurial", he joined a real estate consulting firm specializing in complex valuation problems and real estate litigation. Overall, Scott has tackled a wide variety of valuation problems for over 15 years, holds a "Certified General" appraisal license and

See Utility Bureau on page 5

Utility Bureau from page 4

has completed all but one of the final requirements for his Member of the American Institute (MAI) designation in real estate appraisal.

Scott is married and has two teenage daughters. He loves the woods and many outdoor activities, such as x-country skiing, snowshoeing, kayaking, camping and hiking. He also enjoys archery and photography.



Left to Right - Jim Sadler and Scott Dickman

James Sadler

Jim started working with the Department of Revenue on January 21st, 2005 as a Tax Auditor in the Customer Service section, for the Tax Payer Advocates office. After 6 months, he moved into the Audit division, to conduct field audits of various tax types to ensure compliance by New Hampshire businesses. During this time, he spoke at educational seminars with a focus of educating taxpayers and tax practitioners on New Hampshire tax laws and Department of Revenue functions.

See Utility Bureau on page 6

Help for the Elderly and Disabled

By Greg Heyn, CNHA West District

The state of the economy gives us little comfort these days in making ends meet and many struggle to keep up with present and future debts. The elderly and disabled with limited or fixed incomes may feel the pinch the most.

Municipalities can help the elderly or disabled through a tax deferral if either is at least 65 years old or eligible under Title II or Title XVI of the Federal Social Security Act for benefits for the disabled; has owned the homestead for at least 5 consecutive years if the person qualifies as an elderly applicant, or for at least one year if the person qualifies as a disabled applicant; and is living in the home.

Assessing officials may annually grant a person qualified under RSA 72:38-a a tax deferral for all or part of the taxes due, plus annual interest at 5%, if in their opinion, the tax liability causes the taxpayer an undue hardship or possible loss of the property.

The total of tax deferrals on a particular property shall not be more than 85% of its equity value and the tax deferral shall be determined by the following formula:

Assessed Value = Equalized Assessed Value

Equalization Ratio

Equalized Assessed Value - Total of Priority Liens = Equity Value

Equity Value x .85 = Total Amount which may be Deferred

See Help on page 6

Utility Bureau from page 5

In December 2006, Jim came to the Property Appraisal to serve as the Assistant Utility Appraiser. He has been involved in all aspects of the appraisal function, and has focused heavily on academic development, in the niche field of utility appraisal

In this short timeframe, he has attended numerous courses, seminars, and conferences pertinent to utility property valuation.

Jim has an MBA from the Whittemore School of Business & Economics at the University of New Hampshire and also has a BS in Liberal Arts Studies, and an AA in Computer Information Systems from Franklin Pierce College. Jim has been a Realtor and a small business owner in New Hampshire, and been employed in various corporate positions. He has served 4 years in the United States Marine Corps, 5+ years in the Air Force, and 2+ years in the New Hampshire Air National Guard.

Jim is a single father of 2 daughters, and his life revolves heavily around them and their professional pursuits (1 is studying theater at the Tisch School of Arts of New York University, the other studies & produces music). His latest hobbies include ballroom dancing, construction projects, bicycling, collecting musical instruments, learning, and traveling the country by car.

Q & A Brain Teasers

Here are some Q & A Brain Teaser questions, determine which answer is correct - A, B or C. Answers are found on the last page of the newsletter.

See Q&A on page 8

Help from page 5

Example: Mrs. Williams owns a home, with a small mortgage and applies for her first tax deferral. The 2008 Assessed Value = \$93,000, she owes \$20,000 on her mortgage and the town Ratio = .93.

$\$93,000 \div .93 = \$100,000$ Equalized Assessed Value

$\$100,000 - \$20,000 = \$80,000$

$\$80,000 \times 85\% = \$68,000$

The taxpayer can defer up to \$68,000 in taxes, based on the first year calculations.

Equity value can increase as the mortgage is reduced OR Equity value can decrease if there are previously granted tax deferrals and the applied 5% interest.

A note of caution here relative to equity value of the property; the assessor should inspect the property's exterior and interior to assure that the condition of the property has not changed in some manner since values were updated town wide.

Mortgage Company Approval

If a mortgage exists on the property, the mortgage holder should be contacted to seek approval in addition to notification of an approved deferral for the property. It is also helpful to explain the deferral process.

In one instance upon calling the mortgage holder it was determined they paid the taxes, and the deferral wasn't needed. In another instance the mortgage holder alerted me about the disabled person taking out a second mortgage while her husband was living

See Help on page 7

Help from page 6

and this second mortgage made it impossible to recommend to the Selectmen a deferral because the monies owed would be over the 85% equity value per statute.

Filing for Deferral

No person shall be entitled to the deferral under RSA 72:38-a, unless the person has filed with the Selectmen or assessor, by March 1 following the date of notice of tax under RSA 72:1-d, a permanent application therefore, signed under penalty of perjury, on a form approved and provided by the commissioner of revenue administration, showing that the applicant is the true and lawful owner of the property on which the deferral is claimed and that the applicant is duly qualified at the time of the application. This form is known as PA-30, Elderly and Disabled Tax Deferral Application, is available on the New Hampshire Department of Revenue Administration website.

The form PA-30 covers all of the requirements by statute and must be recorded with the local county Registry of Deeds in 30 days after approval of the Selectmen. The form PA-30 clarifies the amount of taxes deferred of which can be all or part of the taxes owed.

Not an Abatement

Taxes owed include any previous penalties and interest that have occurred during the tax year in question. This form is not an abatement form or an abatement procedure of which prior interest and the assessment is recalculated.

Only the Selectmen or Board of Selectmen can waive any interest or penalties. Please note the Town Administrator, Town Manager, Finance Director nor the Assessor is able to waive interest or penalties and although the

Tax Collector can waive a small amount of interest, it is good practice for the Tax Collector to notify the Selectmen and the Assessor of the details and the amount of interest waived.

The elderly or disabled tax deferral lien is a great vehicle for a qualified person(s) facing financial hardships, because they are not endangered of losing their homes. The taxes owed can be paid back at a reasonable interest rate of 5% of amount of taxes owed rather than the statutory 12% interest.

In addition, the elderly or disabled tax deferral liens assures other municipal taxpayers they will be 100% compensated for taxes owed because these taxes are deferred, not excused, by their Selectmen in an effort to help others during difficult times.

USPAP and Quantifying the Value of "Excess" Acreage in Land Analysis

By James Gibney, CNHA West District

The New Hampshire Assessing Standards Board adopted the 2005 edition of USPAP "Standard 6" to provide for better transparency when assessors updated values in the State of New Hampshire.

Accordingly, the USPAP Standard guidelines established are to be incorporated into the Assessment Review process and reported on for all revaluations as of the April 1, 2007

See USPAP Excess Land page 8

USPAP Excess Land from page 7

assessment year. USPAP requires assessor's to fully explain the methodology and supporting information utilized in valuing property.

Inconsistencies have been found in some reports in analyzing the acreage in excess of the primary site that may not comply with the guidelines and we'll take the opportunity to review them in this article.

The transparency required by USPAP Standard 6 requires that factors such as zoning, road frontage, topography, and soil type be utilized with commentary on any adjustments made and quantified with the market analysis of the site. Some of the USPAP reports show there seems to be a practice of estimating the contributory value of excess acreage with a percentage adjustment to the primary site, or a price per acre is not in keeping with the intent of the guidelines.

The failure of properly valuing the excess acreage ultimately can affect the annual sales study and equalization process when the property is sold at its highest and best use as a potential developable site. The issue is further exacerbated for property being removed from current use as the "market value" is not recognized, and subsequently the land use change tax can be incorrectly calculated.

In order to fully comply with the guidelines in achieving the consistency and accountability in assessing practices as required by USPAP Standard 6, it is essential in the analysis of the primary site that the assessor also shows the research and analysis of the excess acreage into consistent, coherent and transparent process in the development of the final values.

Q&A from page 6

Q 1. Mr. Smith, a qualifying veteran, lives in Hinsdale with his wife Mrs. Smith, but only Mrs. Smith is on the deed. Does Mr. Smith qualify for a veteran's credit if he doesn't own the residence?

- A. Mr. Smith can qualify for 50% of the credit because he lives in the residence, but does not own it.
- B. Mr. Smith DOES qualify for 100% of the credit.
- C. Mr. Smith DOES NOT qualify for the credit because he is not on the deed.

Q 2. Mrs. Fields is 85 years old and temporarily residing in an elderly care facility in the same town and will return home once her specialty care is complete. She has been receiving the blind and elderly exemption and she is the surviving spouse of a WWII vet. Does she still qualify for these exemptions and/or credit?

- A. Mrs. Fields qualifies for NONE of the exemptions and credits she is receiving.
- B. Mrs. Fields qualifies for the Blind and Elderly Exemption.
- C. Mrs. Fields qualifies for ALL of the exemptions and credit she is receiving.

Q 3. Mr. Douglas sells his property to Ms. Johnson but retains the excavation rights on a part of the property. Some time later in the year, both Mr. Douglas and Ms. Johnson separately begin to excavate. Who files the Intent to Excavate form?

- A. Both Mr. Douglas and Ms. Johnson
- B. Mr. Douglas
- C. Ms. Johnson

The Boards

By Dawn Wirkkala, ASB, CUB, & ESB Board Clerk

Assessing Standards Board

The Assessing Standards Board is currently reviewing possible revocation and suspension steps for those individuals who work in the assessing field and are certified by the Department of Revenue Administration. If this is a topic that interests you, please feel free to attend any of the scheduled meetings or follow along by reading the approved minutes posted on the DRA website under - Quick Links, ASB.

Currently scheduled meetings for the ASB are on - April 25, May 23, and June 27. Additional meetings will be scheduled as needed and posted on the Department of Revenue website at, www.nh.gov/revenue.

Current Use Board

The Current Use Board typically releases the new Current Use Criteria Booklets during the month of April showing the latest current use land rates and any other rule changes. However, there were unplanned delays with the rule process and the proposed rules.

The Current Use Board held a rescheduled public rule hearing on April 18, 2008 at 1:00 p.m. in the Department of Revenue Administration Training Room, 57 Regional Drive, Concord, NH.

A board meeting was held on the same day to review and discuss any comments received at the rule hearing and the board made the decision to withdraw the proposed rules and rate changes. Therefore, the forestland, farmland, and unproductive rates will remain the same for the 2008/2009 tax year and only

a new booklet cover and letter from the board will be issued.

Category	Price Per acre		
Farmland	\$25 - \$425		
Forestland	Documented Stewardship	Without Documented Stewardship	
	White Pine	\$73 - \$130	\$126 - \$191
	Hardwood	\$15 - \$44	\$62 - \$94
	All Other	\$49 - \$94	\$99 - \$150
Unproductive	\$15		
Wetland	\$15		

Equalization Standards Board

The Equalization Standards Board is scheduled to meet on May 12, 2008 at 1:00 p.m. and will be reviewing the 2007 Equalization process to determine if there should be any possible changes to the equalization procedures.

HELP WANTED: The Equalization Standards Board has two positions open in the Public Member area: one individual with Statistical Experience and one individual with Equalization Experience. These positions are appointed by the Governor and confirmed by Governor and Council. Interested parties should contact Kathy Goode in the Governor's Office at (603) 271-2121.

Educational Update

By Dawn Wirkkala, Education Coordinator

The DRA has scheduled a few courses for the beginning of 2008, using presentations from 2007, and there has been a lot of discussion about what types of classes should be held. The determination is that we will be building the following courses for 2008 (course titles subject to change):

See Educational Update on page 10

Educational Update from page 9

The Other Exemptions & Credits - will review the religious, charitable, and educational exemptions.

Equalization 101 - will provide an overview of the equalization process, the steps taken towards its completion, and what the numbers and statistics mean and how they are used.

How to Complete Your MS-1 - will help explain what exactly the DRA wants for information and how to complete the form that has become so important in the tax rate setting process.

Please feel free to submit suggestions for classes to your DRA Monitor or to Dawn Wirkkala by calling (603) 271-2687 or by email at dwirkkala@rev.state.nh.us.

Assessing 101 for Taxpayers!

We are also offering an "Assessing 101" class to municipalities who are planning or working on a revaluation. This class has been designed for property owners to help explain the revaluation process. The presentation has been designed to run for approximately 30 to 60 minutes, can be held in the evening, and allows property owners the opportunity to ask questions they might have about the revaluation/assessment process.

If this is a class your municipality is interested in holding, please contact Dawn Wirkkala and an evening meeting can be scheduled at your convenience.

Department of Revenue Courses		
DRA Mini-Course	Date/Time	Location
Earth Excavation	May 8, 2008 9:00 a.m. – 12:00 p.m.	Bartlett Town Hall
Exemptions & Credits A – Z	May 20, 2008 9:00 a.m. – 12:00 p.m.	Concord Dept. of Revenue 57 Regional Drive
DRA/NHAAO State Statutes Part I	June 2, 2008 – June 5, 2008	Concord Dept. of Revenue 57 Regional Drive
NHAAO Educational Offerings		
Course	Date/Time	Location
IAAO WS 191 – National USPAP Update	July 28, 2008 8:00 a.m. – 4:30 p.m.	Concord Dept. of Revenue 57 Regional Drive
IAAO Forum 932 – Restructuring Income/Expense Statements	July 29, 2008 8:00 a.m. – 4:30 p.m.	Concord Dept. of Revenue 57 Regional Drive
IAAO Forum 909 – Appraisal of Commercial Properties in a Declining Market	July 30, 2008 8:00 a.m. – 4:30 p.m.	Concord Dept. of Revenue 57 Regional Drive
IAAO Forum 910 – Valuation of Convenience Stores	July 31, 2008 8:00 a.m. – 4:30 p.m.	Concord Dept. of Revenue 57 Regional Drive
IAAO 101 – Fundamentals of Real Property Appraisal	September 22 – 26, 2008 8:30 a.m. – 4:30 p.m.	Local Govt. Ctr.- Concord NH 25 Triangle Park Dr.
Registration forms for NHAAO offerings and State Statutes Part I can be found @ www.nhaao.org		

Upcoming Workshops for Municipal Trustees

By Barbara Robinson, Director Municipal Services

Staff members from the Municipal Services Division will be participating in the upcoming spring workshops for municipal trustees. These workshops are held annually in Concord and various locations around the state, and are designed as training sessions for both new and experienced trustees.

Terry Knowles from the AG's Office will present the sections on cemetery trustees, library trustees, and trustees of trust funds. As part of the session for trustees of trust funds, Don Borrer will present a section on capital reserve funds. In accordance with RSA 35:10, the trustees of trust funds have custody of all capital reserve funds and expendable trust funds, and have the fiduciary duty to ensure that all expenditures are made in accordance with the stated purpose of the funds, and that adequate audit trails are created.

Tami Wickens will also present a brief section about the division's MS-9 and MS-10 audit process. She will also discuss the correct procedures for discontinuing a capital reserve fund or expendable trust fund.

This year's sessions will be held on May 28 at the Town & Country Motor Inn in Gorham, and on June 5 and 6 at the Holiday Inn in Concord. At the Concord workshop, Terry will speak to the cemetery trustees and library trustees on June 5. On June 6, Terry, Don, and Tami will speak to the new trustees of trust funds in the morning, and to the experienced trustees of the trust funds in the afternoon. To get a registration form, go to <http://doj.nh.gov/charitable/index.html> and

click on the link under the heading of "Municipalities" on the lower right hand side of the web page.

Special Feature The Acting PA Director

Michael Williams

Michael Williams joined the Department of Revenue Administration in August 2005 as the Assistant Revenue Counsel. He previously worked for the Office of Legislative Services for several years as a Legislative Attorney. Michael agreed to serve as the acting Director of Property Appraisal while the Department actively recruits a new Director. Even after a new Director is hired, Michael's involvement with the Division will continue in his capacity as one of the Department's attorneys.



Mike Williams

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Visit us at:

www.nh.gov/revenue

Answers to the Q & A Brain Teasers

Q 1 = B - The law does not require the veteran to be the owner, but they must be a spouse or civil union partner to the owner. It requires the veteran to be a resident for at least one year prior to making application and the credit is applied to his/her principal place of abode. Disclaimer - anyone who is an eligible veteran and is on the deed to a property can receive the credit for the percentage of his/her ownership. Reading the deeds for percentage of ownership and verifying an actual marriage or civil union license is important.

Q 2 = C - As long as the property is being maintained for her eventual return and she is not receiving rental income, Mrs. Fields qualifies for everything.

Q 3 = A - Both people are required to file an Intent to Excavate because they are both owners.

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