



# APPRAISING THE PLAINS of Kansas



A Publication of the Kansas County Appraisers Association

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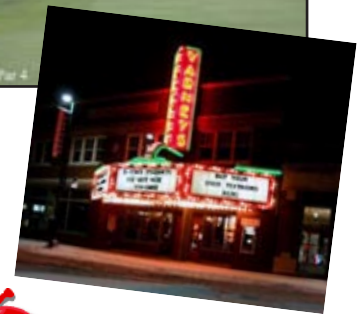
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## Little Apple Site of 2010 KCAA Annual Business Conference

Make plans now to attend this year's Annual Business Conference, June 6–9 in Manhattan. We're putting together a terrific line-up of educational sessions plus great golfing at Stagg Hill Golf Club and an evening of "Razzle Dazzle" bowling at Union Bowl. We've also scheduled a special "behind the scenes" tour of Manhattan's highly regarded Sunset Zoo.

As a special treat, this year's conference promises a little retro "Symposium" style (see the "President's Forum on p. 2), complete with a return of the "Aggieville Olympics." Don't miss a minute of the fun—register today!



Registration on page 25. Watch for a full agenda at [www.kansas.gov/kcaa](http://www.kansas.gov/kcaa).

## Also in this Issue. . .

|   |   |   |    |
|---|---|---|----|
| President's Forum .....                                   | 2 | Nevada Tax Board Schedules "Quick Fix" for Property ..... | 9  |
| Annual Conference Keynoter:<br>Dr. Eric Higgins .....     | 2 | Changes in Wisconsin? .....                               | 11 |
| Board Meeting Highlights .....                            | 3 | NCRAAO '10! .....   | 11 |
| Home Inspectors Under New Law ....                        | 4 | KCAA Sponsored Classes .....                              | 12 |
| Topeka Housing Market Lauded .....                        | 4 | An Old Farmer's Advice .....                              | 13 |
| For Sale: Grain Elevator .....                            | 5 | Modular Mansions .....                                    | 13 |
| COTA Web Site .....                                       | 6 | Public Relations Page .....                               | 14 |
| Gary Post Announces Retirement ....                       | 6 | 5 Lessons From the Housing-Bubble Bust .....              | 15 |
| Wagner Resigns from Jefferson County Appraiser Post ..... | 6 | Your New Kitchen .....                                    | 16 |
| Don't Worry, We're Happy .....                            | 6 | Oh Come On! .....   | 16 |
| The Natives Are Restless .....                            | 7 | Real Estate Notes of Interest .....                       | 17 |
| Things That Make You Say <i>Hmmm</i> ..                   | 7 | New York's Skinniest... ..                                | 23 |
| Are U Serious? .....                                      | 7 | Wanted: New Recruits for IAAO .....                       | 24 |
| 2010 Kansas Night Registration .....                      | 8 | KCAA Annual Business Conference Registration Form .....   | 25 |
| IAAO Member News .....                                    | 8 |   |    |



## President's Forum

Mark Hixon, RMA, CKA  
KCAA President

Here's one thing I learned well in that first term as KCAA president: you have got to put on a great "Symposium."

It's 1988. The Dow Jones Industrial Average is at \$1,911. George H.W. Bush is elected president. Washington beats Denver in the Super Bowl and L.A. beats Oakland in the World Series. And the Oscar goes to *The Last Emperor* for best picture. Gas is 91 cents/gallon. Postage stamps are 24 cents. Interest rates are 12.88%. But what's even more unbelievable is that I am KCAA president for the 1st time.

Those who were around back then for our meeting in June might remember that we were just six months away from unleashing one of the most disruptive and hellish forces in the universe. No...not the atomic bomb, not a tsunami, something truly horrifying: reappraisal.

Most of us were blissfully ignorant of how bad that was going to rock our world, so we gathered in Manhattan for a Symposium. That's what we called it—Symposium. I remember how that word amused one of our speakers that year. Barry Flinchbaugh, KSU agricultural economics professor, was one of our favorite speakers/entertainers, and he chuckled at our use of the term "symposium." He thought the definition of a symposium was a gathering of scholars and felt that we had somehow misused that term. I was almost offended, but then I realized he was not aware of the fact that we defined it as the Greeks did. Look it up in Wikipedia.

We had always gathered for this momentous event at what was then known as the Manhattan University

Inn. There had been grumbles about the service and accommodations for several years, but tradition dictated that we continue to meet there. That was about to change. I was pretty sure we would be seriously considering other locations when I walked through the banquet room after the main event and found empty Pizza Hut boxes. That's how bad/lacking the food was. People actually had pizzas delivered. And, if that wasn't bad enough, summer came early that year. Of course, along with the unseasonably hot and humid weather, the hotel's AC quit. At the next executive board meeting we went shopping for a new place to have our symposium, and we haven't been back to that place since.

Fast-forward to June 2010: I am being recycled as KCAA president, and if I can be recycled, why not recycle the Manhattan University Inn— now known as the Holiday Inn? It's not the same. Unlike me, it has gotten better. This place is nice! I hardly recognized it. But during the tour, I had some twinges of nostalgia (some might call flashbacks) that made me think it might be time to give this place another try. It'll be a retro happening thing, man.

Remember the hog roast? It's back! Maybe Brad Welch and Charlie Clark won't butcher the hog in the back of Charlie's truck over a case of beer the night before, but we will dine on pork Tuesday night. And that may not be the only nostalgic thing we do. You'll just have to wait and see what we come up with.

Here's one thing I learned well in that first term as KCAA president: you have got to put on a great "Symposium." (Hopefully you looked up the Greek definition of that word and we are on the same wavelength by now.) Elysa put on a great Symposium, so it won't be easy to top that, but I love a challenge. Not really. I used to love a challenge, now I just like them. No, I really don't. But I do love a great symposium, and we are going to have one!

And, of course, there will be many opportunities to network with your peers and attend timely educational sessions. So be sure to save the date: June 6–9, 2010. (See registration form on page 25.)



### Annual Conference Keynote: Dr. Eric Higgins

KCAA is honored to have Dr. Eric Higgins as this year's keynote speaker. Dr. Higgins is head of K-State's department of finance and an award-winning teacher. His research includes market efficiency, corporate finance and financial institutions. His work has been published in top-level journals and presented at finance industry conferences.

Dr. Higgins received his Ph.D. in finance from Florida State University in 1996 and his bachelor's in finance from K-State in 1992.

# Board Meeting Highlights

## ■ KCAA Executive Board Meeting Jan. 19, 2010, Topeka

Attendees: Mark Hixon, Dean Denning, Lori Reedy, Greg McHenry, Rod Broberg, Darla Frank, Kim Lauffer, Paul Welcome, Leon Reimer, Della Rowley, Elysa Lovelady, Jami Clark, Cindy Brenner.

Meeting called to order by President Hixon. Approved previous meeting minutes. Treasurer's report presented by Leon, approved & seconded.

**Education:** The KCIAAO Chapter is offering a Hotel/Motel Valuation course by Stephen Rushmore for \$125. The rewrite of 300 is happening now. Will it be done by Sept./Oct.? Paul thought probably so. Suggest they wait for rewrite, more towards October. Paul could teach. Reduced fee since it is a pilot. Still get full credit. Cindy is to forward email about the Review RFP to Paul.

Cindy reported on class offerings we are providing. Mark asked for suggestions in increasing education revenues since that seems to be where our budget is down. Mark thought we could offer some more specific Orion-related classes. Elysa brought up that PVD has to approve all classes for continuing education. Classes in Excel other computer classes need to be related to what we do. Lori mentioned that a lot of Orion reports download into Excel and then people don't know how to manipulate data once in Excel. Will Orion courses be converted to fee collected classes after everyone has converted?

Mark suggested ½-day or 1-day seminars at conference. Dean suggested waiting until NCRAAO year to do technology conference so we would have some revenue that year, since we won't have any from conference. Paul suggested Professional Development seminar at end of conference. Lori suggested Hunter Lott as speaker.

**Legislative Issues:** Paul provided

documentation of burden of proof shift to informal hearing. Amend K.S.A. 79-1448 to make the informal hearing process substantive. Sandy Jacquot from the League of Municipalities contacted Mark regarding this issue. 16-20m trucks back on VIPS will be entered in house this week. Bed tax report given to Treasurer...requesting appraisers have access to the report. COTA filing fees—school boards have been exempted, so Paul thinks all state agencies should not have to pay. Dean thinks the burden of proof issue is backward—we are considered guilty until proven innocent instead of the opposite.

Johnson County has residential appeal packet completed, and commercial is almost completed. Cost was \$55,000. Mark asked if there would be a conversion cost for other counties to use? Paul was not sure. The appeals packet is totally automated on the residential side (appeal packet). Dean asked what Paul thought cost would be to other counties. Paul indicated their packet is Johnson County-specific so he was not sure. Rollout time is April or May. Paul reiterated COTA's desire to have a standardized appeals packet. Residential appeal packet went to COTA board last week, but Darla wasn't sure what they thought. Reno County commissioner is trying to find support of low-production oil. Reno County commission is trying to find legislator from non-producing area to support this because the burden of this exemption shifts the taxes to non-producing counties as well. Lori thinks if there is a dollar amount attached it will be perpetual problems. Paul suggests doing \$30 a barrel average. If price is above average then it is taxable.

**Orion Enhancement:** Mark passed out Kenton Lyon's report from the committee. Funding of Orion enhancements will need to be discussed soon to get this in the budget for 2011. Mark says it is "our system" now, so maybe we should think about driving it. Mark

suggested sending someone (Orion Chair?) to the Orion User meeting. Darla suggested instead of KCAA trying to get more money from counties maybe we raise more money AS an association for these enhancements. \*\*Put something in newsletter about ideas for \$\$ raising for enhancements\*\*. Paul suggested separate fund for any dollars if we do raise. Della questioned the committee members on the Orion committee to make sure there were central hosted counties and also local hosted counties.

**Oil & Gas:** No report

**NCRAAO:** Della provided schedule for hospitality. No charge on room. Della suggested everyone attend NCRAAO. Della asked we pay the deposit for the Overland Station of \$735 so that we can get '09 rates for 2011.

**IAAO:** No report

**2010:** Activities are in the works and opening speaker chosen.

**Other business:** Professional Designation committee requirements state you have to be a CKA to be on the committee. Strike the CKA was approved. Cindy will get information to association.

Southcentral is off year on its appointment to the board. Southcentral is to rectify this situation.

President adjourned meeting.



**Vist KCAA online**  
<http://www.kansas.gov/kcaa/>

## Home Inspectors Under New Law

By Mike Hall, *Topeka Capital-Journal*, Jan. 15, 2010. Reprinted with permission.

The days when anyone in Kansas with a business card and a flashlight could be a home inspector ended on Jan. 1. On that date a new law went into effect requiring inspectors to register with a new state board. The law also forces inspectors to accept more responsibility for errors.

The chairman of the Kansas Home Inspector Registration Board is Jeff Barnes, a property inspector in Mulvane, near Wichita. "Most people won't even know anything changed," he said this week. The cost of the training required by the law and the registration fees aren't expected to increase the cost of a home inspection much, he said. A typical home inspection now is in the \$200 to \$300 range. People hire inspectors for a variety of reasons—they want to know if their home has any problems for their own peace of mind or because they are thinking of putting it up for sale. But the majority of work for the inspectors is for people considering purchasing a home.

Efforts to get a new inspector law enacted began about six years ago, Barnes recalled, when a state legislator, who was also an attorney, failed to collect any damages from an inspector for a faulty report. He felt strongly inspectors shouldn't be allowed to claim their work was exempt from legal liability. Attempts were made year after year to get such a law enacted until organizations like the Kansas Trial Lawyers Association and the Kansas Association of Realtors got the message across to the inspectors that "it's going to happen—it's just a matter of time," Barnes said. Barnes initially had concerns about some proposed elements of a new law and organized Wichita-area inspectors as the Kansas Association of Real Estate Inspectors. The inspectors agreed there were some improvements needed, such as some consistency on what would be required in a meaningful inspection report.

The law adopted in 2009 contains a number of requirements: 1) Anyone

doing home inspection in Kansas must register with the KHIRB. The Kansas Association of Realtors is recommending its members check the Web site <http://www.ksinspectors.org/> to verify an inspector is registered before making a recommendation to a client.

2) Home inspectors can no longer limit their liability for errors and omissions.

3) An inspector pays a \$200 a year registration fee. The board will have the power to suspend or revoke the license of any inspector producing faulty work. "The best part of the bill is just the accountability," said Luke Bell, vice president of governmental affairs for the Kansas Association of Realtors.

4) An applicant must submit proof of at least \$100,000 in liability insurance and must post a surety bond of \$10,000 or provide some other evidence of financial stability.

Those provisions apply to all inspectors regardless of experience. But one provision is being waived for inspectors who were in the business prior to July 1, 2007. That's a requirement for 80 hours of training from a course approved by KHIRB. Those in business prior to July 1, 2007, simply register by supplying information about their experience.

Bell said the Realtors are comfortable with the grandfather clause because, "we felt pretty comfortable with the people who are in the home inspection business." He added that's the only provision of the new law being waived for experienced inspectors. Even they need to obtain the 16 hours a year of continuing education required by the law.

**"The best part of the bill is just the accountability," said Luke Bell, vice president of governmental affairs for the Kansas Association of Realtors.**

## Topeka Housing Market Lauded

**'Today' Consultant Likes Topeka's Low Unemployment**

By Kevin Elliott, *Topeka Capital-Journal*, Jan. 6, 2010. Reprinted with permission.

Low unemployment and stable home prices makes Topeka one of the top 10 cities in the nation to purchase a house, a real estate expert with NBC's "Today" show said Tuesday.

Barbara Corcoran, a consultant for the "Today" show, named Topeka as the number three city in the country to buy a home, behind South Bend, Ind. and Akron, Ohio. Corcoran said locations were picked based on local real estate markets, size and value of houses, job growth and quality of education. "Home prices haven't gone down by more than 1 percent," Corcoran said of Topeka. "Unemployment is only 6 percent. And it's a great family area."

Doug Bassett, a Topeka real estate agent and president of the Topeka Area Association of Realtors, said the stability of home prices in the local market is probably one of the reasons Topeka was listed as the third best city to buy a home. "Currently, we are very strong," Bassett said. "Coming out of 2009, we're looking forward to the spring market."

Topeka sales statistics show the number of active real estate listings in November 2008 were 1,266, nearly identical to 1,278 active listings in November 2009, according to the association. However, the number of pending sales on Dec. 1, 2009 was 235, up from 77 pending sales on Dec. 1, 2008.

Bassett said the combination of the market stability, new tax credits and low interest rates have created a ripe market for first-time home buyers or homeowners looking to upgrade. The average sale price of new and existing homes in November 2009 was \$122,895, up from \$120,093 the previous November, according to the association.

"As long as interest rates stay stable—they could even stand to take an increase and that wouldn't affect

### Topeka Market Lauded, continued

our market so much because they are so low," Bassett said the future home market in Topeka.

While value prices may help make Topeka attractive to home buyers, economic experts say its competitive cost structure helps to attract a diverse business community. Doug Kinsinger, president of the Greater Topeka Chamber of Commerce, said having a variety of employers in the city has helped Topeka sustain employment figures during the nation's financial crisis.

"Unemployment is still very reasonable compared to others in the nation," Kinsinger said. "Our economy is certainly going to be affected by state government, but we do have a diversified base, and we haven't seen many significant layoffs."

In November, the national unemployment rate was 10 percent, according to the U.S. Department of Labor. Unemployment in Topeka was listed at 6 percent at the same time. Locally, unemployment rates peaked in July at 7 percent in Topeka, with an 11-month low of 5.7 percent in April.

Shawnee County Appraiser Mark Hixon said residential home assessments indicate home prices in all categories haven't fluctuated much in Topeka. "We haven't seen much on appreciation in sale prices over the last two years," Hixon said. "Everything seems to be very flat."

The county typically adjusts home valuations by comparing a home's assessment to its sale price. However, Hixon said the market ratio wasn't adjusted in 2009 because sales and appraisals remained in line from 2008. "We keep hearing about houses in the \$400,000 range and up that have been suffering," Hixon said, "but we aren't actually seeing where those houses are selling for any less."

Hixon also credited local home builders for keeping the supply of newly built homes in line with demands. "They didn't overbuild," Hixon said. "Typically what happens when you have a bubble that bursts, the builders have to slash prices because they overbuilt, and it starts the domino effect."

## For Sale: Grain Elevator

By Dan Voorhis, *The Wichita Eagle*, Feb. 3, 2010. Reprinted with permission.

Submitted by Elysa Lovelady

DeBruce Grain is trying to sell this grain elevator near 25th and I-135, but the buyer can't use it as a grain elevator. DeBruce Grain has put its grain elevators at I-135 and 25th North on the market—and a more unusual piece of industrial property in Wichita is hard to find.

The elevator, at 1400 E. 25th St. North, is 100 feet tall, more than 100 feet wide and 1,500 feet long. Built in the 1950s and owned by several owners, the grain terminal hasn't been used since 2002 and is not operational. DeBruce doesn't want to help its competition, so the deed would include a restriction preventing it from being used as a grain elevator in the future. So, that brings up the question: What do you do with a giant old grain elevator that can't be used?

It's a challenge, acknowledges Kris Wessel, an agent with Grubb & Ellis/Martens Commercial who is marketing the building. He is primarily marketing it based on the 7.5 acres of vacant land immediately south of the elevator. On the plus side, Wessel said, the land sits between Union Pacific and Burlington Northern Santa Fe tracks, has fabulous visibility from I-135 and is zoned for general industrial. He isn't releasing the asking price but said DeBruce is interested in selling.

He said he has had two parties express interest in the site. Its value will differ depending on the proposed use. It won't be marketed as housing, although a few grain elevators have been converted. It more likely would be of interest to a scrap metal dealer, Wessel said. There are a number of scrap dealers nearby. One scrap dealer said he'd be interested in the land if his business sat next to the site. He'd have more land and could ship by rail, which is considerably cheaper than by truck.



On the market: A 1950s grain elevator in Wichita that can't be used as a grain terminal.

But Craig McCollar, assistant manager of Glickman Metal Recycling, next to the site, said he would be leery of buying it. The elevator "is too big to ignore, and it would be quite a bit of cost to demo something like that." How much? Darren Bradburn, owner of Bradburn Wrecking, said he was asked by DeBruce a couple of years ago to estimate the cost of demolishing the grain elevator. DeBruce never acted on it, he said. It would take about \$2 million, Bradburn said, and could be taken down all at once with explosives or over eight months with a wrecking ball. He would crush the concrete on site into gravel and haul it away. "It would be an empty field again," he said.

DeBruce doesn't want to help its competition, so the deed would include a restriction preventing it from being used as a grain elevator in the future.



## COTA Web Site

### COTA Tracking Committee Report

By Gary Post, CKA

Have you taken a trip through COTA's new web presence (<http://www.kansas.gov/cota/>)? If not, prepare to be pleasantly surprised. It pretty much does everything Trevor said it would do. You can find data

on the COTA home page that you did not even know you needed. Example: Judge Crotty taught Special Education in Topeka early in her career. Below is just a small sample of the Hearing Calendar. Time spent here will make you more efficient in the future. Check it out.

### Sample

#### Hearing Calendar Documentation—Using Excel AutoFilter

- Printing and Filtering the Hearing Calendar(s).

The calendar can be printed, e-mailed, or copied. Most of these self-explanatory options are located under the File Menu. The specific locations of PRINT, SEND TO or SAVE AS, however, depend on the version of Excel you are using.

The calendars can be filtered using Excel's AutoFilter feature Microsoft® provides comprehensive support for Excel's AutoFilter feature. You can view a short tutorial at Microsoft's website: <http://office.microsoft.com/en-us/excel>. The following steps provide a few essential highlights:

1. Each column in the calendar reports can be filtered. For example, to show only your County's hearings, a user would SELECT the dropdown on the County column, and then SELECT "Your County"

2. The filtering feature is cumulative, meaning the calendar can be filtered using multiple columns. For example, suppose a user wants to see all of your county's hearings scheduled for any particular date. The user would first filter by County, then SELECT the dropdown in the Date column and SELECT a particular date."

## Wagner Resigns from Jefferson County Appraiser Post

By Kenneth Lassiter, *Valley Falls Vindicator*, Feb. 25, 2010. Reprinted with permission.

County appraiser Kathy Wagner has resigned her position. Wagner met with county commissioners Monday to discuss her resignation, which will be effective April 9. Wagner said Tuesday she has taken a deputy appraiser position in Barton County. She said she has family in the area, which is one of the driving factors for the decision.

"I started my career back in Dodge City, and I had an opportunity to move back that way and took it," she said.

Wagner was appointed county appraiser in August 2005. Wagner said the decision was made recently and wasn't an easy one to make.

"It didn't come easy," she said. "I've got a very good staff here and worked well with all the department heads. The public was also really good to work with here. I know where I'm going there's good staff, too, but it's hard to leave this staff behind."



## Don't Worry, We're Happy

From Yahoo News, 2/17/2010  
Submitted by Lisa Ree, RMA

LiveScience.com reported Kansas ranked #10 in the rating of Happiest States. The 350,000 participants in the Gallop-Healthways Well-Being poll were interviewed about their work environment, emotional health, physical health, healthy behavior, basic access to health services, and current and future life situation.

Evidently, the Kansas participants interviewed had not yet received their valuation notices.

## Gary Post Announces Retirement

In a letter dated April 1, 2010, longtime Lyon County Appraiser Gary Post notified commissioners that he will be retiring in June:

Please be advised that my last work day for Lyon County will be June 18th 2010. This accommodates my KPERS retirement date of July 1, 2010.

I have served in county government since 1978, and Lyon County since 1999. This work has been a central part of my life for 32 years. I have had many opportunities to grow and flourish. For

this, I thank not only the Lyon County Commissioners, but also past commissioners here and in Ford, Seward and Barton Counties.

As I spend my retirement years traveling or with our grandchildren and great-grand children, I will reflect fondly from time to time on the many personal and professional relationships here in Kansas and across the nation.

With thanks and best regards,

Gary Post

# The Natives are Restless

By Rick Stuart, CAE

Greg McHenry, RMA and I were emailing back and forth on some issues, and I asked him how did the mailing of valuations go in Riley County? Here's his observation:

People are VERY restless this year and seem to have a short fuse. Our number of appeals is down from last year's record low, but the people who are appealing are very tense. We've had almost as many people upset that their value went down as we've had people who were upset their value went up. People here are extremely uneasy about the direction of the national economy and the direction of the country in general. The appeals we've had seem to have that flavor more than ever before. Incidentally, 1/3 of our residential properties increased in value, 1/3 decreased slightly, and 1/3 stayed similar to last year. Commercial properties typically increased 6-8%. Cropland went down slightly, while grassland went up slightly.

Lisa Ree, RMA recounts some of the comments that the natives are making in her article below.



## Things That Make You Say Hmmm

Lisa Ree, RMA

Taxpayers: You've talked to them. You've read their anonymous letters. You've looked them in the eye. You've

been in this business for years, and they still manage to make you pause or do a double take. These are some of the things heard or seen by county appraisers and staff across the state

- If my business is making money, why does it have to be capped?
- You don't have many friends, do you?
- A homeowner had painted his entire house, including trim and shutters, one color and then convinced his elderly neighbor that the county appraised houses with colored shutters and trim higher than houses all one color. The neighbor was convinced his value increased because his house was painted with more than one color.
- I got one of those Violation Notices, but I didn't do anything wrong!

- It takes a whole month's royalty check to pay my oil taxes.
- The Cow Analogy: "If you take a cow to market and you ask \$1 for that cow and it only brings \$0.50, how in the world are you gonna convince that poor cow that it's worth \$1?"
- Trying to get a raise this year?
- This past year I didn't use the boat, so it's worth nothing.
- It's not fair our valuation has gone up. The bank doesn't pay our taxes for us like everyone else. Our house is paid for, so we have to pay our taxes ourselves.
- Seen on the header of a taxpayer's COTA testimony: "DAVID vs. GOLIATH"
- After hearing the process of budgets, mill levies, taxes and valuation, and not willing to give up any services to reduce his tax bill, when asked who should pay for all those services, the taxpayer replied: "The government should pay."

- Why do you need a phone number for a phone hearing? Just what type of person would be calling me?
- A note enclosed with a late-filed personal property statement: "Sorry this is late. My daughter lives at the address the notice was sent to. She was cleaning house (be amazed!) and found this form."
- Do you appraise rings? I bought my ring at Riddles, and I need another appraisal for the insurance company.
- Never underestimate the paranoia of a taxpayer: Sporting the tools of the trade, including a county ID badge and business card, wasn't enough for a landscaping business owner to believe a data collector wasn't a spy for the competition. It even required a call to the appraiser's office to verify the non-spy status. This made the DC wonder what kind of secrets the owner hid in his piles of dirt.
- I know the home is worth more than your appraisal. I just don't want it on the tax roll for that much.



**Are U Serious**

Submitted by  
Greg McHenry, RMA

Spotted in the Grand Rapids [Mich.] Press:

"[V]oters in San-gatuck Township will go to the polls in May for a referendum on whether to raise property taxes to fight a lawsuit claiming township property taxes are too high."

RSVP  
REQUIRED!

Pirate Attire  
Encouraged!

DEADLINE  
August 15!!!

# 2010 Kansas Night

IAAO - 76th Annual Conference

**TUESDAY AUGUST 31, 2010 6:45 - 9:00 PM**

**JIMMY BUFFETT'S MARGARITAVILLE**

**\$60 PER PERSON - INCLUDES TRANSPORTATION**

**MOTOR COACH WILL TRANSPORT ATTENDEES FROM CONFERENCE HOTEL TO VENUE**

Mail Form & Payment to:  
Rick Stuart CAE  
3533 SW Randolph Ave  
Topeka, KS 66611

Name (s): \_\_\_\_\_

Email Address: \_\_\_\_\_

Number Attending: \_\_\_\_\_ Total Enclosed: \_\_\_\_\_

Contact Kim Lauffer for additional information: [cmappras@pixius.net](mailto:cmappras@pixius.net)



## IAAO Member News

Thanks to all of you for your support of the IAAO.

### 35-year Members

Wayne Tenenbaum, Neill, Terrill & Embree, LC

### 25-year Members

Angela Blazevic, AAS, IAAO  
Mary Jo Kirkendall, Wyandotte Co.

### 20-year Members

Paul Welcome, CAE, ASA, RMA, Johnson County  
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# Nevada Tax Board Schedules “Quick Fix” for Property

## Experts suggest scheme is illegal, ineffective

By John Dougherty of [Investigativemedia.com](http://Investigativemedia.com), Feb. 26, 2010. Reprinted with permission from the North Lake Tahoe Bonanza, [www.tahoebonanza.com](http://www.tahoebonanza.com)

**Editor’s Note:** More of the continuing saga of property valuation problems in Nevada. On March 1, the state Board of Equalization voted 4-to-1 to adopt the controversial regulation, saying it would ensure property taxes are assessed fairly and equitably across the state. If you would like to see the full story, go to:

<http://www.tahoebonanza.com/article/20100303/NEWS/100309981/1061&ParentProfile=1050>

This story is long from being over. See also “The Birth of a Rebellion: Why Nevada’s Property-Tax System May soon Crumble,” published in the January 2010 issue of *Appraising the Plains*.

CARSON CITY, Nev. — Nevada tax authorities are poised to address the state’s long-unlawful property-tax-assessment system Monday by adopting a quick-fix regulation that won’t work, says a leading property-tax-appraisal expert. “There is not much bang for the buck” in the State Board of Equalization’s proposed regulation, said Richard Almy, the former executive director of the International Association of Assessing Officers and a foremost expert on the methodology Nevada tax regulators are proposing to adopt. Almy is widely considered to be among the world’s authorities on property-tax assessment and is senior technical director of the IAAO’s textbook, *Property Appraisal and Assessment Administration*. Almy made his comments after reviewing the state Board’s proposed regulations.

The five-member state Board has scheduled for passage March 1 a regulation adopting a statistical tool called “ratio studies” as the basis for determining whether the state’s 17

Almy said ratio studies are very useful in a market-based property-tax system to measure equalization of property assessments. Nevada, however, abandoned a market-based property-tax system in 1981, adopting a unique model called “taxable value.”

elected county assessors are valuing similar property equally across the state as required by the Nevada Constitution. State law has long required that regulations ensuring statewide equalization be written, but neither the State Board of Equalization nor the Nevada Tax Commission ever actually produced such rules. Now the Board—after holding only a single two-hour workshop in early February that discussed adopting the IAAO standards for ratio studies — appears to be rushing to put a regulation in place. Individual taxpayers, county assessors and the Nevada Taxpayers Association criticized the proposed regulations, urging that more time be taken before adoption. The state Board’s agenda for its upcoming meeting, however, shows the regulations scheduled for adoption.

Almy’s criticism comes at the same time as the head of the state Department of Taxation is also expressing doubt about the effectiveness of using ratio studies to determine statewide equalization. “The ratio study isn’t the end all and be all for equalization,” said Dino DiCianno, executive director of the state tax department. DiCianno said ratio studies, while far from full proof, could still assist the state Board in making a “judgment call” on whether property taxes are equalized. “Does it ensure [equalization] completely? Maybe, maybe not,” he said.

Rather than relying on ratio studies, Les Barta, a property-tax expert and

Incline Village property owner who has been a leader in an eight-year property-tax revolt, said the state Board should be following two recent Supreme Court rulings requiring county assessors to only use appraisal methodologies adopted by the Nevada Tax Commission. “There is minimum mention of the state Board’s predominant duty to determine whether uniform appraisal methodologies have been used by county assessors,” Barta said during a Feb. 11 tax department workshop on the proposed regulation.

The Nevada Supreme Court ruled in 2006 and 2008 that county assessors must only use appraisal methodologies that have been expressly approved by the state Tax Commission.

The commission, however, has been slow to implement detailed, uniform appraisal methodologies, and what regulations have been passed are under challenge in state court as being too vague. The Tax Commission is also in violation of state statute for failing to provide assessors a tax manual prescribing appraisal methodologies. The commission hasn’t published the tax manual since 1999. State Board Chairman Anthony Wren, a Reno appraiser, did not return a phone call Thursday seeking comment in response to Almy’s criticism. Wren is pushing for quick adoption of the regulations. “This is something that has not been rushed through,” Wren said at the

**continued on next page**

**Nevada Tax Board, cont.**

Feb. 11 workshop.

Almy said ratio studies are very useful in a market-based property-tax system to measure equalization of property assessments. Nevada, however, abandoned a market-based property-tax system in 1981, adopting a unique model called “taxable value.” No other state in the country uses a taxable-value system where land is valued at market price and improvements at replacement cost new, less 1.5 percent depreciation per year based on the age of the structure.

In market-based property-tax systems, ratio studies are used to compare the assessed values determined by tax authorities to market sales. A consistent ratio would indicate that property taxes are being assessed equally across political jurisdictions. In Nevada, however, the proposed state Board regulation merely calls for ratio studies to compare the tax department’s determination of taxable value of a sample of properties with a county assessor’s determination of assessed values of the same properties.

By law, county assessors first determine the taxable value of a property, and multiply it by 35 percent to determine assessed value. In ratio studies conducted in the past for the Nevada Tax Commission, the tax department routinely used county assessors’ appraisals rather than doing their own. Under such a scenario, said Almy, the tax department’s application of the ratio studies accomplishes little more than checking the math of the county assessors. Almy said that only if the tax department conducts independent appraisals of property could the ratio studies provide some degree of state oversight of county assessors.

Even then, he said, the ratio studies proposed by the Board will fall short of being a useful tool for determining whether equalization is occurring. That’s because neither the county nor the state measures the valuations against market values. “Market value,” he said, “is the only objective

The Clark County Assessor’s Office questioned how much authority the state Board has over elected county assessors, including whether the state Board could order a county to conduct a reappraisal.

yard stick to measure against.” Asked whether there is any statistical method that Nevada regulators can adapt to effectively measure whether statewide equalization is occurring in the state’s taxable-value system, Almy said: “I don’t know.” Almy also said adoption of the proposed regulation is not cost-effective. “The taxpayers in the state of Nevada are not getting much for the money they will spend on it,” he said.

County assessors, individual taxpayers and the Nevada Taxpayers Association have also leveled criticism of the state Board’s proposed regulation. Carole Vilardo, president of the Nevada Taxpayers Association, questioned whether the Board had the authority to adopt the regulations, some of which appear to fall under the purview of the Tax Commission. Vilardo suggested that the state Board and the Tax Commission hold a joint meeting before adopting any regulation. Currently, the Board and the Commission are scheduled to hold separate meetings Monday.

The Clark County Assessor’s Office questioned how much authority the state Board has over elected county assessors, including whether the state Board could order a county to conduct a reappraisal. “There is a certain amount of authority that the state Board has over the process of equalization, but I’m not sure that extends to authority in all cases to tell [assessors] what to do,” said Clark County Deputy Assessor Jeff Payson. “The assessor is a statutory officer and elected official and I think that needs to be considered when the state Board asks them to submit and perform certain things,” he added.

Brent Howard, a Las Vegas accountant, criticized the regulations for failing to make them easily understandable to taxpayers and providing vague guidelines on how assessors conduct appraisals. “The regulation does not give us a uniform and equal application

of the law and assessment of property values,” Howard said. “I think the state Board should be involved in making this an easy process for the taxpayer to understand.”

Suellen Fulstone, a Reno attorney representing North Lake Tahoe property owners who have been challenging state and county property-tax authority, cited numerous shortcomings with the proposed regulation. “Ratio studies were developed for use in market-value appraisal jurisdictions where actual sales provide an objective standard,” she said, echoing Almy’s criticism. She also questioned whether the state Board has the legal authority to adopt ratio studies as its standard to measure statewide equalization and whether it can delegate authority to the tax department to do the studies. “There is no statutory authority for the [state Board] to discharge its duty of statewide equalization by performing one or more ratio studies,” she stated in comments submitted to the state Board. “The [state Board] itself cannot perform ratio studies, and there is no authority for it to delegate its duty of statewide equalization by directing the [tax] department to perform ratio studies,” Fulstone stated.

Maryanne Ingemanson, president of the Village League to Save Incline Assets, a nonprofit taxpayers group leading the North Shore Lake Tahoe tax revolt, said more litigation will likely result if the state Board adopts the proposed regulation. “If in fact they pass this mess, which is against state statute, then it will just have to be used against them in court,” she said.

Barta, who is also a member of the Village League, cautioned the state Board at the conclusion of the Feb. 11 workshop about passing the regulations without more scrutiny. “It’s never a good idea to ram through regulations as fast as these are being done,” he said. “There needs to be more vetting.”

## Changes in Wisconsin?

■ **Department of Revenue County-wide Property Assessment Proposal Moves Forward** by Clayton Montez, *Madison Public Policy Examiner*, Dec. 11, 2009.

Secretary of Revenue Roger Erwin announced a proposal to modernize the administration of the property tax system in Wisconsin. Erwin writes that distilling the 1,851 assessment districts in the State to 100 districts or less will benefit property tax payers with a streamlined, cost effective assessment procedure under county management.

The proposal to move the assessment of real and personal property from the town, village and city level to the county level will be presented to the legislature with hopeful passage during the spring session of 2010. The draft outlines a county assessor system that provides significant benefits to Wisconsin taxpayers such as, fair assessments, property taxes and aid distributions, the elimination of inconsistent levels of assessment across the state, and greater transparency in the assessment and appeals process.

The success of the new program assumes the implementation of uniform data collection, consistent annual appraisals, regular on-site property inspections, certifiable county appointed assessors, and an even distribution of costs of the program by the municipalities within each county.

According to Erwin's letter, the DOR's proposal is a starting point for discussion and can be changed. It plans

to host town hall meetings throughout the State in the coming months for public discussion. Erwin's letter also admits, "Many of the ideas, concerns and alternatives that have been expressed by stakeholder groups across the State have not been included in the draft."

"We're disappointed in how this is shaping up," laments Keith Munson, the president of National Appraisal Corporation in Milwaukee. "We were not consulted about the plans for county-wide assessment until the DOR presented the idea at last month's assessor's conference." Munson compares the exclusion of assessor concerns about the DOR's proposal to the family scenario when discussing plans for a vacation: "Don't ask the kids because all they want to do is go to Disney World."

The proposed change to county wide assessment warrants a close look at the cost of any change verses the purported benefits.

### ■ From: WAAO Executive Board

The Wisconsin Association of Assessing Officers (WAAO) strongly opposes the County Assessment legislation currently proposed. WAAO believes the County Assessment will generate costs far in excess of current budgets and not correspondingly result in more uniform assessments for all taxpayers. Utilizing technology and electronic options, efficiency in the current assessment process can be improved without moving to a County System. WAAO believes the challenges put forth by the Wisconsin Department

of Revenue can be resolved at the local level with more affordable solutions and cooperative efforts by all stakeholders.

More information & discussions can be found at [www.waao.org](http://www.waao.org)

### ■ February 5, 2010

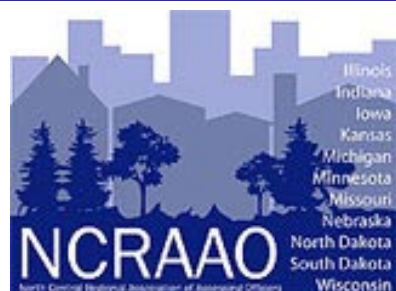
The Department of Revenue is scrapping legislation to consolidate property value assessment at the county level and instead is drafting a bill to allow towns to group the services.

DOR executive assistant Linda Barth said the "assessment modernization" plan would still meet the goal of reducing the number of assessment districts throughout the state, and also provide consistent property valuation standards statewide.

"We're going to go with more of a consortium model, where towns can pull together in their own consortiums and try to achieve some economy of scale in their assessment services," she said.

Barth said the plan and decision to drop the county-level model grew out of feedback from town hall meetings across the state. The revamped proposal will maintain the original plan's recommendation to eliminate the state-level equalization process and bring all property assessments to full-market value, Barth said.

Barth said though time is growing short in the legislative session, the DOR is hoping to get a bill drafted and in front of the Legislature before the body adjourns for the year.



**NCRAAO Annual Conference**  
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NCRAAO registration is now available online at: <https://web.memberclicks.com/mc/quickForm/viewForm.do?orgId=maao&formId=74624>.

Did I mention this year's NCRAAO conference is being held June 21-23 in Bloomfield, Minn., next to the Mall of America? Kansas is hosting the hospitality room, and it would be great to have as many attendees from Kansas as possible! Come and let them know we are a wonderful place to visit and that we are looking forward to having NCRAAO in Kansas in 2011.

Did I mention this year's conference is next to the Mall of America? Register today!

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**Course: IAAO Course 101, Fundamentals of Real Property Appraisal**

Date: July 12-16, 2010

Location: Public Works Bldg.

6125 Tuttle Creek Blvd., Manhattan, KS

Cost: \$410

Instructor: Rick Stuart

**Course: IAAO Course 102, Income Approach to Valuation**

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Location: Sedgwick County Bldg.

4031 E. Harry St., Wichita, KS

Cost: \$410

Instructor: Marion Johnson

**Course: IAAO Course 201, Appraisal of Land**

Date: October 25-29, 2010

Location: Sedgwick County Bldg.

4031 E. Harry St., Wichita, KS

Cost: \$410

Instructor: Rick Stuart

**Course: IAAO Course 300, Fundamentals of Mass Appraisal**

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## An Old Farmer's Advice

Submitted by Kim Lauffer, RES, RMA



Your fences need to be horse-high, pig-tight and bull-strong. Keep skunks and bankers at a distance. Life is simpler when you plow around the stump. A bumble bee is considerably faster than a John Deere tractor. Words that soak into your ears are whispered...not yelled. Meanness don't jes' happen overnight. Forgive your enemies. It messes up their heads. Do not corner something that you know is meaner than you. It don't take a very big person to carry a grudge. You cannot unsay a cruel word.

Every path has a few puddles. When you wallow with pigs, expect to get dirty. The best sermons are lived, not preached. Most of the stuff people worry about ain't never gonna happen anyway. Don't judge folks by their relatives. Remember that silence is sometimes the best answer. Live a good, honorable life. Then when you get older and think back, you'll enjoy it a second time. Don't interfere with somethin' that ain't bothering you none. Timing has a lot to do with the outcome of a Rain dance. If you find yourself in a hole, the first thing to do is stop diggin'. Sometimes you get, and sometimes you get got.

The biggest troublemaker you'll probably ever have to deal with watches you from the mirror every mornin'. Always drink upstream from the herd. Good judgment comes from experience, and a lotta that comes from bad judgment. Lettin' the cat outta the bag is a whole lot easier than puttin' it back in. If you get to thinkin' you're a person of some influence, try orderin' somebody else's dog around.

Live simply. Love generously. Care deeply. Speak kindly. Leave the rest to God.



## Modular Mansions

Submitted by Lisa Ree, RMA

Although I don't expect to see one in Ellis County soon, a March 4, 2010, article in *The Washington Post* tells of a 7,200-square-foot modular mansion being erected in Maryland for the bargain price of \$2.5 million. Built on the assembly line, the 21 boxes of the home were ready to be trucked to the building site in only two weeks. The following link is a time-lapse video of the erection of a modular mansion.

<http://www.washingtonpost.com/wp-dyn/content/video/2010/03/03/VI2010030302562.html>



Some days all you can do is smile and wait for some kind soul to come pull your ass out of the bind you've gotten yourself into.

# Public Relations

***The public is the only critic whose opinion is worth anything at all.***

—Mark Twain



Recession period: Budget Cuts at the Office... Good PR?



## Listening Tips

Submitted By Gary Post

Here are some suggestions for developing your listening/hearing skills:

- Develop the desire to listen.
- Always let the other person do most of the talking.
- Don't interrupt.
- Learn active listening. Ask for clarification if needed.
- Get used to "listening" for nonverbal messages—body language.
- Ask a question...then shut up.

Source: *The Forgotten Art of Listening*, Ed Brodow Seminars, Inc., 2003



## Take a Break

During this busy, stressful time for county appraiser staff, it is a good time to look at how your stress level is affecting public relations. If you are stressed, you may not relate to others as you normally would, with patience and a sense of humor. Chris Gibson, deputy county appraiser in Dickinson County, recommends that we take time to relax, maybe using yoga or a good exercise regimen. Getting a break from the office and taking a brisk walk, relaxing at the coffee shop, or getting out the "stress ball" can all be helpful. Remember: relax for yourself and for others.

## Honesty Essential

The Public Relations department is frequently the ethical heart of an organization. Internal and external PR communications control the flow of good and bad news to the staff and community. The PR team copes with company crises. PR pros sit at the elbows of top officers drafting a company's mission statements, its strategies, its vision. Throughout the many schools of ethics and conduct, there are some common threads.

For example: Don't lie. Ever. One thing we've learned well in recent decades is that the uncovered cover-up frequently incurs more wrath than the original offense. Even the highest potentates with all the levers at their power cannot keep a lid on a secret boiling over. Many people perceive public relations as something less than respectable—as clever strategies to convince the public that what's wrong is right. Some see public relations professionals as manipulators of the public mind, rather than conveyors of truth. That is likely the reason most every code of conduct, especially those targeted at the PR profession, stresses honesty above all else. Too often our conduct falls short of the code. Spin substitutes for truth. Perception substitutes for reality. Victory substitutes for success.

Source: <http://aboutpublicrelations.net/aa052701a.htm>



## How to Keep Your Cool When You Are Criticized

- Show the person doing the criticizing that you heard his or her criticism, by pausing, nodding or giving some sort of verbal acknowledgment.
- Ask for more information about the criticizer's comments to give you both time to cool down. Try to look for the criticizer's positive intent.
- Reply with your perspective. Remain calm, and the other person, if agitated, will eventually calm down, too; it will be embarrassing to lose his or her cool while you remain relaxed.
- Listen for commonalities between your perspective and your critic's, and build from them.
- Ask for comments on your viewpoint.
- Try rephrasing your ideas.
- Demonstrate your desire to find a compromise. Look for what the criticizer's real objection is and how you can solve it; ask if he or she has a solution in mind.
- Remember that you can't always please everyone. Ask yourself whether there's truth in your critic's complaints, or whether this may be someone you just can't make happy.



## 5 Lessons From the Housing-Bubble Bust

Look beyond the plummeting prices and mounting foreclosures to learn a few lessons that can help us avoid making the same mistakes in the future.

By Tamara E. Holmes of Bankrate.com

The pop heard 'round the world when the housing bubble burst brought a lot of bad news—from plummeting home prices to mounting foreclosures. But with all bad times comes a slew of good lessons to be learned, says Shari Olefson, author of “Foreclosure Nation: Mortgaging the American Dream.”

Depressed home prices and low interest rates may have you wondering if the real-estate market has reached its bottom. Even if the worst is behind us, it makes sense to take in the lessons of the past few years so we can avoid making the same mistakes again.

**Lesson No. 1:** Adjust your expectations. Years ago, people purchased a home, lived in it all or most of their lives, passed it down to their children and enjoyed a gradual increase in wealth as the home gained value. But in the last decade, people bought a house expecting it to increase in value about 5 or 10 percent in a couple of years, and they'd move on to something bigger, says Brendon DeSimone, a real-estate agent with Paragon Real Estate Group in San Francisco. If the housing-bubble nightmare has shown us anything, it's that you can't count on a home to be worth more than you paid for it when you're ready to sell. “It's back to basics,” DeSimone says. “You have to be in it for the long haul and you can't be looking at your home value every month to see how much it's gone up.”

**Lesson No. 2:** You can't time the market. When home prices were skyrocketing, many people bought homes they could barely afford—or couldn't afford—thinking they'd ride the wave of rising equity since the market was on the upswing. Likewise, today, many potential homebuyers are sitting on the sidelines waiting for the market to reach its ultimate low. “You will never sell at the all-time high and you'll never buy at the all-time low by planning it,” says Tim

Burrell, a real-estate agent for Re/Max United in Raleigh, N.C. “The market will time you. You will sell, and on occasion you may happen to hit the all-time high or happen to hit the all-time low, but to study it and plan it and figure out and actually do it—it doesn't happen.”

Instead, take a long-term approach to real estate and look for a home that enhances your life and will increase in value over time.

**Lesson No. 3:** Don't treat your home like a piggybank. At the height of the real-estate market boom, “We had a whole bunch of people refinancing high-interest credit cards with a low-interest second mortgage on their homes,” Olefson says. Today, some of those people have lost their homes or are in danger of doing so because they were unable to handle the mortgage debt.

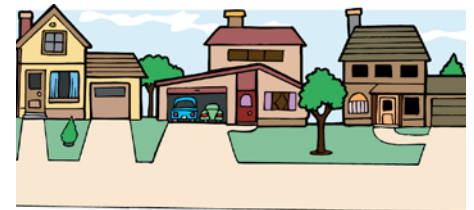
“As a country, we've all gotten way too comfortable with credit and having debt in our lives,” Olefson says. “But the problem really came when that morphed into our homes.” As the market rebounds, “We need to promote the value of owning your home free and clear again, because residential real estate really is the backbone of our country. It's the biggest asset for most people,” Olefson says. Likewise, instead of depending on your home for all of your wealth, continue to build up your cash reserves Burrell suggests.

**Lesson No. 4:** Do your own research. Some people ran into trouble before the real-estate market crash when they took the advice of mortgage professionals without doing their due diligence and making sure the advice was in their best interest. The wisdom of speaking to a financial adviser, calling a nonprofit housing agency or even reading books on real-estate transactions before signing on the dotted line became apparent as homeowners struggled with chang-

ing terms on mortgages that they didn't understand. It also makes sense to check the credentials of anyone advising you. “Be careful who you trust, take time to educate yourself, and first and foremost, if it sounds too good to be true, it probably is,” Olefson says.

**Lesson No. 5:** Think long-term financing. Adjustable-rate mortgages appealed to those who wanted the lowest possible interest rates and expected to be able to either sell their homes or refinance them before the mortgages reset. However, after the real-estate market crash, many didn't have enough equity to refinance and houses began to sit on the market as prices went into a free fall. When it comes to financing, “you can't just look at the next six weeks or two months or next year,” DeSimone says. “You have to say, ‘What happens to me in five years?’”

Ultimately, the real-estate market collapse was a lesson in learning to adapt, experts say. “When you see over-exuberance, expect that it's going to change,” Burrell says. “The only thing constant is change.”



Take a long-term approach to real estate and look for a home that enhances your life and will increase in value over time.

## Your New Kitchen

Jenny Sullivan on Builderonline.com has just released the must-have list of new items for your kitchen. If these are must-have items, does this mean that any kitchen without these items is outdated and thus suffering from functional obsolescence? To read the entire article and the accompanying photos, go to <http://www.builderonline.com/design/8-hot-kitchen-trends-for-2010.aspx?cid=BLDR100122003&page=1>.

- 1. Consolidated Activity.** Space-saving solutions often include banquette seating; hideaway laundry appliances (inside pantries or behind veneer panels); and small, built-in workspaces that allow parental supervision of homework time. Kitchen-side desks are also prime spots for sorting mail, paying bills, looking up recipes, and catching up on email while you have a pot on the stove.
- 2. Ergonomics for All.** In the future, houses with the best resale value may well include kitchen work surfaces and storage areas of varying heights, with appliances that are easy to reach. Drawer appliances (dishwashers, refrigerators, and even microwaves) are gaining popularity, as are side-by-side refrigerators and ovens, and storage options that fall between 15 and 48 inches off the floor. One of today's most popular configurations that is not universally-friendly is the microwave/hood combo that comes standard in many builder appliance packages.
- 3. Luxury for Less.** One simple way that builders can conserve costs without sacrificing functionality or good looks is to combine certain appliances. "If you have a cook top and a separate wall oven, you will spend 15 to 20% more than if you buy a range that includes both," according to MaryJo Camp, a kitchen design specialist.
- 4. Small and Powerful.** Connie Edwards, a kitchen design specialist, also encouraged builders to maximize every square inch of volume space with space-savers such as skinny, vertical pantries; pull-out cabinets and spice racks; and wine cubbies that fill odd cavities. "Anything that pulls out is an absolute winner today," she said. That includes pull-out wastebaskets and recycling centers, which are an absolute must.
- 5. Planet Smart.** Reclaimed, recycled, and raw materials also remain popular, for reasons aesthetic as much as altruistic. Countertops are number one recycled product in the kitchen. Other repurposed favorites include salvaged beams, concrete floors, and concrete block walls, all of which become part of the design statement. Materials used in their raw state tend to cost less and do not produce off-gassing.
- 6. Style Conscious.** "Color-wise, blue is the new green," said Edwards. "It signifies clean water, clean air, clean earth, and really creates a feeling of calm. Right now we all want to be comforted, and blue is a universal favorite." Also popular on the color wheel: complex neutral grays, cool browns, and pumpkin tones, offset by dark or white cabinetry with Shaker style doors.
- 7. Light Bright.** Task lighting is usually installed under cabinets or in the form of pendant lighting over the island that shines directly on a work surface, whereas ambient lighting provides an overall glow. Accent lighting highlights specific points of interest, such as art niches. There are different reasons for lighting to be layered, one of which is so they can be used independently of each other. Sometimes task lighting becomes a night light when the kitchen is not in use.
- 8. Devilish Details.** Little things matter, too. Two areas, in particular, that can make or break a small space are outlets and endings. You can maximize the impact of your cabinet design and backsplash by integrating or camouflaging outlets with plug molding, decorative plates, or under-counter strips. And be sure to design the returns on moldings, especially when the design includes cabinets of varying heights or depths. Or when the cabinets return into ceiling molding.



### Oh Come On!

Submitted by Lisa Ree, RMA

Would you choose to downsize from your 1600-square-foot home to 900-square-foot? Then downsize even more to a 175-square-foot home? A Manhattan, NY, couple has done just that and is enjoying living the lifestyle of doing with less. For the bargain price of \$150,000 the co-op includes a kitchen and  $\frac{3}{4}$  bath with both described naturally as tiny. The kitchen includes a mini-fridge and hotplate. Since neither of the owners cook, no typical kitchen ware is needed, leaving the cupboards available to store their one appliance, a cappuccino machine and workout clothes.

Since jogging to work is their daily routine, they pick up their work attire at various dry cleaners along the way. In case a dry cleaner is closed, a few clothes are kept at work also. The only furniture the couple has is a queen-size bed, which takes up  $\frac{1}{3}$  of the apartment; a 27-inch flat-screen TV; a storage bench used as a sofa; a wine rack; and a cat-climbing tree for their two cats.

Not wanting to take up valuable space for a trash can, when the couple has something to throw away, they just walk down the hallway to the trash chute. Planning to pay off their mortgage in just two years, they will remodel their co-op with a Murphy bed and adding larger windows.

Because they have been able to live minimally, the couple has been spending money on areas they feel make their lives better, such as frequent vacations, and of course, restaurants. One advantage of owning such a small space—no one ever overstays their welcome!





## Real Estate Notes of Interest

■ Nigel Maynard, *builderonline.com*, Dec. 15, 2009. Are you getting ready to build that new home or do some remodeling? An interesting article on what items to include can be found at: <http://www.builderonline.com/products/10-things-you-must-put-in-your-new-house.aspx?page=1>

■ Mark Gongloff, *The Wall Street Journal*, Dec. 29, 2009. Even with talk that cheaper homes may be reaching the bottom of most markets, experts believe that the high-end homes still have further to fall.

■ Commercial Real Estate News, Dec. 29, 2009. Sales of office, retail, multifamily and industrial properties could exceed \$100 billion in 2010. That would more than double the \$45 billion projected for all of 2009, according to Real Capital Analytics. "We have hit bottom and are starting the new decade on the upswing," the New York research firm said. Credit markets are relaxing and investors are coming into the market with REIT's investing into commercial real estate heavily. There are still owners that are holding out for higher prices but investors are waiting them out as more commercial properties are becoming financially distressed.

■ Jenny Sullivan, *builderonline.com*, Dec. 29, 2009. A long-time barometer for new home construction has been the American Institute of Architects (AIA). The AIA indicated there were strong increases in design work, move-up market and remodeling in the third quarter of 2009 as compared to the previous year.

■ Maura Sadovi, *The Wall Street Journal*, Dec. 30, 2009. Confirmation that the commercial property market

has slowed, can be seen in the dollar amount of transactions. This year there has been almost \$49 million in commercial deals as compared to \$151 million last year and \$533 in 2007.

■ Conor Dougherty, *The Wall Street Journal*, Dec. 30, 2009. Not that this will surprise anyone, but state and local tax revenue has declined by 9% in the third quarter as compared to a year ago.

■ *Standardandpoors.com*, Dec. 30, 2009. The S&P Case-Shiller index of home prices indicated that home prices stabilized in October. Even though home prices are over 7% lower than a year ago, the index showed an increase for the fifth straight month, although the increase was only 0.4%.

■ Matthew Monks, *American Banker*, Dec. 30, 2009. Banks holding commercial real estate loans will feel more pain in 2010, with real estate values having plunged. Industry observers say a majority of loans due through 2014 may be underwater, meaning more banks will be forced to restructure loans to avoid costly foreclosures.

■ *Commercial Real Estate News*, Jan. 4, 2010. The national office-market vacancy rate is expected to hit 18.5% to 19% this year, which would be up from 17.1% in the third quarter of 2009, at the same time that effective rent fell by 9% in 2009. It would also be the highest rate Grubb has recorded since it began tracking the market in 1986. The industrial sector's vacancy rate this year will hit 11.4%, up 70 basis points from year-end 2009.

■ *Associated Press*, Jan. 5, 2010. Okay, it is finally done. Dubai opened the world's tallest skyscraper Monday, and in a surprise move renamed

the gleaming glass-and-metal tower Burj Khalifa in a nod to the leader of neighboring Abu Dhabi—the oil-rich sheikdom that came to its rescue during the financial meltdown. A lavish presentation witnessed by Dubai's ruler and thousands of onlookers at the base of the tower said the building was 828 meters tall, or 2,717 feet. The structure is 50 stories taller than the Willis Tower (formerly Sears Tower) in Chicago. For more information on this new structure go to:

[http://www.usatoday.com/news/world/2010-01-04-dubai-worlds-tallest-buiding\\_N.htm](http://www.usatoday.com/news/world/2010-01-04-dubai-worlds-tallest-buiding_N.htm)

■ Boyce Thompson, *builderonline.com*, Jan. 5, 2010. This article on the top 10 home-building stories of the last decade is something you should take time to read. <http://www.builderonline.com/housing-trends/top-10-home-building-stories-of-the-decade.aspx?cid=BLDR100105002&page=1>

■ Alison Rice, *builderonline.com*, Jan. 5, 2010. New home construction actually increased 1.3% in November, but that reflects the smallest increase in six months.

■ Walter Molony, National Association of Realtors, Jan. 5, 2010. The Pending Home Sales Index dropped 16% in November but was still almost 16% higher than the previous November. The drop was expected due to the time of year and concern that the federal tax credit would not be extended. The index in the Midwest actually fell almost 26%, but it was still 9% higher than last year.

■ John Caulfield, *builderonline.com*, Jan. 5, 2010. A survey of over 2,000 people indicate that 70% of those surveyed prefer brick siding on their homes and especially in the South and Midwest.

■ **Editor's Note:** This runs along the line of tax policy, but you might want to read the comments of columnist George Will concerning the taking of property for a new basketball arena. This decision was discussed in the last

**REAL ESTATE NOTES, continued**

issue of "Real Estate Notes of Interest." The link is [http://townhall.com/columnists/GeorgeWill/2010/01/03/a\\_blight\\_grows\\_in\\_brooklyn?page=full&comments=true](http://townhall.com/columnists/GeorgeWill/2010/01/03/a_blight_grows_in_brooklyn?page=full&comments=true)

■ Lingling Wei, Kris Hudson and Christina Lewis, *The Wall Street Journal*, Jan. 6, 2010. Maybe some of the money sitting on the sidelines is starting to flow into the commercial markets. According to this article, some big name investors are purchasing commercial assets. The investors are indicating the market may not be at the lowest value level yet and it will take a few years to becoming a good investment, but the purchases will be good long-term investments.

■ Nick Timiraos, *The Wall Street Journal*, Jan. 7, 2010. Reis Inc. has reported that for 2009 apartment vacancy was at a 30-year high of 8% and rents fell 3%.

■ Liz Rappaport and Jon Hilsenrath, *The Wall Street Journal*, Jan. 8, 2010. Will interest rates go up substantially in March? That is a concern within some residential mortgage companies as the Federal Reserve says it will stop buying mortgage-backed securities from Fannie Mae, Freddie Mac and Ginnie Mae by the end of March. Some financial experts indicate it could create a shortage of funding and thus drive up interest rates on mortgages.

■ Matthew van Buren, *The Taos News*, Jan. 6, 2010. This is a very interesting article about value caps. The first two paragraphs of the article are reprinted below and then the link for the entire article.

Assessors and legislators statewide are wondering how to address "tax lightning" after recent actions in Bernalillo County....Two judges in that county ruled a state property tax law unconstitutional; a state law passed in 2001 limits annual increases in property valuations to

3 percent unless a property comes under new ownership.

See complete article:

<http://www.taosnews.com/articles/2010/01/10/news/doc4b3cf406674ba753720946.txt>

■ Stephanie Armour, *USA Today*, Jan. 20, 2010. Realtors are anticipating that the spring buying of homes will be moved up this year as a result of the ending of the extended income tax credits for purchases. Purchasers of homes by April 30 and closed by June 30 may qualify for the \$8,000 first-time homebuyer or \$6,500 repeat buyer income tax credit.

■ James Hagerty and Dawn Wotapka, *The Wall Street Journal*, Jan. 20, 2010. The National Association of Home Builders is projecting that up to 600,000 new homes will be started in 2010, which is up 38% from the previous year. However, there is recognition that the new homes must be smaller and lower-priced as they will be competing against previously constructed foreclosed homes. An example is in Las Vegas where four years ago the typical new home price was \$400,000–\$600,000 and the projected costs this year is \$150,000–\$170,000.

■ Carrick Mollenkamp and Lingling Wei, *The Wall Street Journal*, Jan. 20, 2010. Lending institutions are struggling with delinquent loans on partially completed commercial construction. According to Foresight Analytics, as of the fourth quarter of 2009, about 20% of the \$440 billion of commercial construction loans were more than 30 days past due.

■ American Institute of Architects (AIA), Jan. 20, 2010. The AIA has reported that their Billings Index remains under 50 for the 23rd consecutive month. If the index is above 50, it means that billings have increased and that normally translates into improvement in the home and commercial construction market.

■ *Reuters*, Jan. 28, 2010. Reis, Inc. has reported that mall vacancy increased to over 10%, the highest level in 18 years, and rent dropped 2% for the year. These numbers may be indicating a period of 18–24 months before malls see positive activity.

■ *Hotelnewsnow.com*, Jan. 27, 2010. STR has provided the following information on the hotel/motel industry for the year 2009 (see chart on below). ADR stands for Average Daily Rate. RevPAR is defined by Investopedia as "a performance metric in the hotel industry which stands for 'revenue per available room.'" RevPAR is typically calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate. It may also be calculated by dividing a hotel's total guestroom revenue by the room count and the number of days in the period being measured.

■ *USA Today*, Jan. 28, 2010. The Commerce Department reported that new home sales fell in December by 7.6% to the weakest level since March and just 4% from the bottom last January.

■ Ruth Simon, *The Wall Street Journal*, Jan. 26, 2010. The federal program to provide assistance to struggling

### U.S. hotel performance for 2009 by quarter (in year-over-year comparisons)

|         | Occupancy (%) | % change | ADR (\$) | % change | RevPAR (\$) | % change |
|---------|---------------|----------|----------|----------|-------------|----------|
| 1st QTR | 51.4          | -10.9    | 100.13   | -7.7     | 51.44       | -17.7    |
| 2nd QTR | 57.8          | -10.9    | 97.37    | -9.7     | 56.25       | -19.5    |
| 3rd QTR | 60.5          | -7.9     | 96.84    | -9.8     | 58.61       | -16.9    |
| 4th QTR | 50.6          | -4.4     | 95.79    | -7.6     | 48.50       | -11.7    |
| YTD     | 55.1          | -8.7     | 97.51    | -8.8     | 53.71       | -16.7    |

homeowners that was designed to help as many as four million homeowners receive modified loans has not worked. To date, only about 113,000 loans have been modified. The government has noticed a program that has been in place for 26 years in Pennsylvania. Homeowners in financial distress can receive either a one-time loan that allows them to catch up on their payments or up to 36 months that the state makes the payments. The loans are to be paid back, but as many as 25% are not.

■ Stephanie Armour, *USA Today*, Jan. 29, 2010. The new federal guidance on loan modifications become effective on June 1 with the goal of providing 4 million homeowners up to \$75 billion in modified loans through 2012. Unlike most previous loans, documentation will have to be provided in advance. Items required are:

- Two pay stubs, if applicable
- Form allowing servicer to pull up tax returns online
- A request of the modification explaining what the hardship is allowing for the loan modification

■ Lingling Wei and Nick Timiraos, *The Wall Street Journal*, Jan. 26, 2010. A few years ago in "Real Estate Notes of Interest" was information concerning the largest sale price for apartments in the United States. That property was the Peter Cooper Village and Stuyvesant Town property in Manhattan. The sale price in 2006 was \$5.4 billion. Well, it did not work out to be a good deal. The property is in default and the creditors are starting the fight. The loans total \$4.4 billion, which on the surface may seem good, but the current cash flow is \$5.3 million less than the debt service. And yes, you are a participant in this property. Freddie Mac and Fannie Mae have a combined investment of \$1.5 billion.

■ Amy Merrick, *The Wall Street Journal*, Jan. 30, 2010. Indiana continues to undergo massive changes in their property valuation and taxation system. Proposed legislation would create ef-

fective tax rate caps of 1% for residential, 2% for rental properties and farms, and 3% for businesses. Some cities have already started laying off staff as the revenue stream will go down. Businesses are upset as their taxes will be three times that of a home plus the state sales tax was increased from 6% to 7% with the extra all designated to schools.

■ Nick Timiraos, *The Wall Street Journal*, Jan. 30, 2010. Fannie Mae and Freddie Mac are getting tough on bad loans. Faced with over \$300 billion in loans at least 90 days overdue, their auditors are revisiting the loans they purchased from banks to see if they were bad loans or improper documentation. The numbers are not completed, but to date it is believed that Fannie has forced banks to buy back up to \$2.7 billion and Freddie around \$4.3 billion, all in the last nine months.

■ Sara Murray and Jeff Bater, *The Wall Street Journal*, Feb. 3, 2010. This should surprise no one, but the percentage of Americans owning a home has declined. At the end of 2009, 67.3% owned their home, but that is the lowest percentage since the second quarter of 2000.

■ James Hagerty and Dawn Wotapka, *The Wall Street Journal*, Feb. 3, 2010. The major home-building companies are starting to construct more new homes but with considerable changes from a few years ago. The homes are smaller and priced less. Those factors allow new homes to compete with foreclosed properties. The prices can also be lowered as land is cheaper and the builders are getting some price relief from the suppliers.

■ James Hagerty, *The Wall Street Journal*, Feb. 3, 2010. Okay, here is an investment opportunity you may not have thought of. This investment opportunity: prisons! States are short of funds and are using private firms to build and operate their prisons. This is not a new concept but is growing. After all, occupancy rates remain very high! Anton Troianovski, *The Wall Street*

*Journal*, Feb. 3, 2010. In another strange twist in the real estate market, REIT's (Real Estate Investment Trusts) cannot find any investments to buy. Most have very large pools of cash, but they are finding banks more willing to renegotiate loans in order to avoid foreclosures, and owners are not willing to place their good properties for sale in a depressed market.

■ Peter Eavis, *The Wall Street Journal*, Feb. 4, 2010. Now, this is as unusual as the story just before it. Normally a holder of a second or junior loan will be in a bad financial position in today's market. It would not be unusual that a market value of the residential property is less than the first loan and thus the second loan holder may not receive any proceeds from a sale. With the push by the federal government for lending institutions to modify their loans, it only applies to the first loan. Therefore, if the payments are reduced for the first mortgage, the second loan has improved their financial position.

■ Jenny Sullivan, *builderonline.com*, Feb. 3, 2010. This is a very interesting article about the changes in attitudes of the Baby Boomers. The article can be found at:

<http://www.builderonline.com/active-adult/del-webb-survey-reveals-new-realities-for-baby-boomers.aspx?cid=BLDR100204002>

■ Ed Leefeldt, *bnet.com*, Feb. 5, 2010. If you aren't familiar with the Chinese drywall problem or just need an update, here is an article of interest: <http://industry.bnet.com/financial-services/10006657/why-insurers-cant-wall-off-drywall/>

■ Michael Winter, *ondeadline.com*, Feb. 8, 2010. Jumbo loans considered seriously delinquent has risen for the 32nd consecutive month. Seriously delinquent is at least 60 days late, and jumbo loans exceed what Freddie Mac and Fannie Mae will insure.

■ *Appraisalinstitute.com*, Feb. 3, 2010. An analysis conducted by the Appraisal Institute of failed banks shows

**REAL ESTATE NOTES, continued**

that nearly two-thirds had been previously cited by federal bank examiners or had ongoing appraisal administration problems, highlighting a significant weakness in many struggling financial institutions.

Of the 35 Federal Deposit Insurance Corporation Inspector General Material Loss Reviews of failed banks nationwide, 22 contained concerns or unheeded recommendations from previous reviews, regarding the appraisal practices of the banks, according to the Appraisal Institute. These results were analyzed from Material Loss Reviews conducted by the FDIC Inspector General in 2009 and 2010. Examples of such concerns include: "Failure to obtain current appraisals or perform adequate appraisal reviews"; "Bank frequently relied on stale appraisals"; "Inadequate control of the lending function, including appraisals"; and "Poorly explained upward adjustments to the appraisal values."

"The findings of the Material Loss Reviews illustrate that many institutions have not adequately invested in critical risk management functions like appraisal administration and oversight," said Bill Garber, director of government and external relations of the Appraisal Institute. "Moving forward, if we are going to have any success in stabilizing mortgage markets, preventing mortgage fraud and kick-starting the secondary markets, bank examiners must place more emphasis on risk management, mitigation, meaningful oversight and enforcement of these critical issues."

■ Kenneth Riggs, Jr., CCIM, CRE, MAI, *ciremagazine.com*, January/February 2010. **Editor's Note:** I was going to try and write an article about how I felt the commercial market would react in 2010 but found this article and felt it was better than anything I could write. Long article but a good read. [http://www.ciremagazine.com/article.php?article\\_id=1477](http://www.ciremagazine.com/article.php?article_id=1477)

■ *Hotelnewssource.com*, Feb. 2, 2010. There appears to be some

positive news from the hotel/motel industry. Hampton Hotels announced that it opened 143 hotels in 2009 and added more than 13,000 rooms to the Hampton system. The brand is poised to continue its growth trajectory in 2010, with more than 100 hotels already expected to open during the year. Now, some may say this is just the units that were already in the pipeline, but the full article does have a note of being optimistic for the coming year.

■ RealtyTrac Staff, *realtytrac.com*, Jan. 14, 2010. RealtyTrac, the leading online marketplace for foreclosure properties, says U.S. properties in foreclosure in 2009 was a 21 percent increase in total properties from 2008 and a 120 percent increase in total properties from 2007. The report also shows that 2.21 percent of all U.S. housing units (one in 45) received at least one foreclosure filing during the year. Foreclosure filings were reported on 349,519 U.S. properties in December, a 14 percent jump from the previous month and a 15 percent increase from December 2008 — when a similar monthly jump in foreclosure activity occurred. Despite the increase in December, foreclosure activity in the fourth quarter decreased 7 percent from the third quarter, although it was still up 18 percent from the fourth quarter of 2008.

■ Sara Lin, *The Wall Street Journal*, Feb. 5, 2010. Never thought you could own a Frank Lloyd Wright house? Well, now is your chance! The 6,000-square-foot ancient Mayan style architecture inspired by Frank Lloyd Wright in the Los Angeles area has been lowered from \$15 million in June to only \$10.5 million.

■ James Hagerty, *The Wall Street Journal*, Feb. 8, 2010. **Editor's Note:** Now this has to be embarrassing! The Mortgage Brokers Association is underwater on their national headquarters in Washington, D.C., and has agreed to sell the building for \$41.3 million that they purchased in 2007 for \$79 million with a \$75 million loan. It was not stated how the shortage of funds would be

made up.

■ Paul Vigna and John Shipman, *The Wall Street Journal*, Feb. 8, 2010. The largest national home builders are encouraged by new orders and fewer cancellations for new homes. The federal government helped boost these home builders by the first-time home buyers credits and longer tax loss carry-backs and huge write-downs. **Editor's Note:** I guess I am disturbed that they overbuilt, over-expanded and now have been bailed out to start making more over-supply.

■ Damian Paletta, *The Wall Street Journal*, Feb. 9, 2010. Another dark and disturbing story of the financial crisis. Senator Robert Menendez of New Jersey wrote a letter to the Federal Reserve asking them to approve an acquisition to save a bank in New Jersey. It just so happened that the two biggest bank executives were large contributors. The Fed did nothing and then later the bank was closed by the FDIC.

■ Dennis Berman and Jeffrey McCracken, *The Wall Street Journal*, Feb. 11, 2009. Resulting from an accounting change, Fannie Mae and Freddie Mac are purchasing up to \$200 billion of guaranteed non-performing loans from financial institutions.

■ Alan Zibel, Associated Press, Feb. 17, 2010. "The Treasury Department said Wednesday that as of last month, about 116,000 homeowners had completed the application process and had their loan payments reduced permanently. That compares with more than 1 million homeowners who started the process." This represents only about 12% of borrowers who had signed up for relief.

■ Walt Molony, *realtor.org*, Feb. 11, 2010. The National Association of Realtors reported that in the fourth quarter, home sales increased from the third quarter in 48 states and the District of Columbia; 32 states saw double-digit gains. Year-over-year sales were higher in 49 states and D.C.; all but

three states had double-digit annual increases. Home sales in the Midwest jumped 14.5%.

■ David Bodamer and Elaine Mison-zhnik, *retailtrafficmag.com*, Feb. 17, 2010. A shock but not a shock. It has been mentioned previously in “Real Estate Notes of Interest” that Simon Malls has been considering making an offer to rival General Growth Properties, which is currently in bankruptcy reorganization. Well, Simon Malls has made a \$10 billion dollar offer. The retail experts say this would be good to make sure that General Growth properties remain viable properties but would make Simon Malls close to a monopoly.

■ Dawn Wotapka and James Hager-ty, *The Wall Street Journal*, Feb. 12, 2010. Home-building company Lennar Corp. has purchased \$243 million in distressed loans from 22 failed banks. The properties consist of about 25% partially developed land, about 25% residential properties, and the remain-ing composed of retail, office and in-dustrial loans. **Editor’s Note:** I thought we, the federal government, bailed these large builders out with extreme tax breaks? How do they have money to buy distressed loans?

■ The Associated Press, Feb. 15, 2010. The Environmental Protection Agency (EPA) has completed the purchase of the small town of Treece in Cherokee County, Kan. The total budget of \$2.65 million will be used to buy properties, moving expenses for owners and tenants and demolition costs. The EPA recently purchased the adjacent city of Picher, Okla. Both towns were contaminated by millions of tons of lead- and zinc-contaminated waste known as chat.

■ James Hagerty, *The Wall Street Journal*, Feb. 16, 2010. A recent study by John Burns Real Estate Consulting, Inc. and Standard & Poor’s Financial Services, LLC, has shown that the large number of residential home fore-closures is still having serious negative effects on the market. The U.S. average is 10 months to sell the current inven-

**Commercial Real Estate Vacancies** (Feb. 19, Commercialrealestatenews.com)

| Property Type    | 2009 Change | Rate Ending 2009 | 2010 Projection  |
|------------------|-------------|------------------|------------------|
| Offices          | + 2.5%      | 17.0%            | 18.0%            |
| Apartments       | + 1.3%      | 8.0%             | See note below** |
| Shopping Centers | + 1.7%      | 10.6%            | 11.5%            |

tory of homes. In the worst areas it is over twice that amount of time. The worst areas are Stockton, Calif. and Orlando, Fla., at 27 months and Miami at 24 months.

■ Liam Plevin and Lester Aldrich, *The Wall Street Journal*, Feb. 16, 2010. Somehow you just knew something like this was going to happen. When home construction stopped, most lumber companies severely reduced produc-tion by about 45% between 2005 and 2009. Now there is a shortage of lumber so the futures in lumber have increased 32%.

■ *Commercialrealestatenews.com*, Feb. 19, 2010. Reis, Inc. is project-ing that the commercial market will generally not be improving in 2010. Vacancy information gathered shows the following changes in 2009 and the current projections for 2010. See chart above.

**\*\*Apartments note:** They did not make a 2010 projection but stated the 8.0% was the highest vacancy rate since they began tracking the data in 1980.

■ *Money Magazine*, March 2010. Under the topic of “Waste of Time” is using Zillow.com to find out the market value of your home. They suggest you call an appraiser.

■ *Standardpoors.com*, Feb. 23, 2010. Data through December 2009, released today by Standard & Poor’s for its S&P/Case-Shiller1 Home Price Indices, the leading measure of U.S. home prices, show that the U.S. Na-tional Home Price Index fell in the fourth quarter of 2009 but has improved in its annual rate of return, as compared to what was reported in the third quarter. See the complete details at:

<http://www.standardandpoors.com/home/en/us> and under Indices select S&P/Case-Shiller Home Price In-dexes.

■ *Hotelnewsresource.com*, Feb. 23, 2010. In year-over-year measure-ments, the industry’s occupancy ended the month virtually flat with a 0.4-per-cent decrease to 45.1 percent. Average daily rate dropped 7.1 percent to finish the month at US\$93.93. Revenue per available room for the month decreased 7.4 percent to finish at US\$42.35.

■ Allison Rice, *builderonline.com*, Feb. 24, 2010. Homebuilders around the country have been talking about increasing the number of new starts and just as this discussion seems to be typical, new home sales plummeted by 16% in January.

■ Michael Carolan, *The Wall Street Journal*, Feb. 17, 2010. The InterCon-tinental Hotels Group (Holiday Inn) stated 2009 was worse than 2008 but still a profitable year. Net operating revenue was \$213 million in 2009 as compared to \$262 million in 2008.

■ M.P. McQueen, *The Wall Street Journal*, Feb. 20, 2009. Although apart-ments continue to suffer from higher vacancy rates, investors are still con-fident in this type of investment. At the housing peak the annual rate of return on apartments was around 6%. The typical return is now up to 7% to 8%.

■ Jeffrey McCracken and Kris Hud-son, *The Wall Street Journal*, Feb. 23, 2010. The potential fight for bankrupt mall giant General Growth has a new player involved. Simon Properties Group made a proposal of \$10 billion, and now Brookfield Asset Management has expressed an interest. **Editor’s**

**REAL ESTATE NOTES, continued**

**Note:** My money is on Simon. Any takers?

■ Sara Murray, *The Wall Street Journal*, Feb. 25, 2010. The Commerce Department reported that with the 11% decrease in January home sales, the volume of sales is at the lowest level since 1963 when they started tracking sales.

■ E. Scott Reckard, *Los Angeles Times*, Feb. 28, 2010. Rates on jumbo loans of more than \$729,750 in the highest-priced markets rose during the financial crisis, and lending standards tightened to the point where borrowers couldn't refinance or get a new loan. In the last couple of weeks, the average interest rate on a 30-year fixed-rate jumbo fell to 5.79 percent, a five-year low, according to rate tracker Informa Research Services. Rates are even lower on hybrid adjustables.

■ Jim Carlton, *The Wall Street Journal*, March 1, 2010. Now, this makes sense. Home builders have very little work, some banks have a large amount of inventory in the form of partially completed homes and homes needing repaired prior to selling. Therefore, some builders are working for the banks. This keeps the builder and employees off the unemployment line and improve the banks' inventory of homes.

■ Gary Kassem, *nreionline.com*, March 1, 2010. This article could be of interest to large jurisdictions. The article is talking about the possibility of large commercial and industrial buildings renting the roof area for solar power generation. You can see the entire article at: [http://nreionline.com/news/rooftop\\_solar\\_rentals\\_0301/](http://nreionline.com/news/rooftop_solar_rentals_0301/)

■ Rcanalyitcs.com, March 2, 2010. Real Capital Analytics, a New York-based research firm, reported last month that there were almost a half-billion dollars of troubled assets in Kansas City, a category that includes commercial properties in foreclosure,

bankruptcy or other distress. Hotels are a particularly troubled property type. Out of the \$497.4 million in distressed assets in Kansas City reported by Real Capital Analytics, more than half, \$259.1 million, are hotels. To see the entire article at:

<http://www.kansascity.com/2010/03/01/1782854/as-credit-squeeze-claims-commercial.html>

■ *builderonline.com*, March 4, 2010. Okay, get out the caulking guns and the checkbook. Cash for Caulkers is on the way! Under the first level of rebates, Silver Star, consumers would be eligible for up to \$1,500 for a variety of home upgrades, including adding insulation, sealing leaky ducts, and replacing inefficient water heaters, HVAC units, windows, roofing, and doors. There would be a maximum rebate of \$3,000 per home.

The more comprehensive Gold Star level would provide a \$3,000 rebate to consumers for a whole-house energy audit and subsequent retrofit tailored to achieve a 20% energy savings. Additional rebates would be available for savings above 20%.

■ Dawn Wotapka, *The Wall Street Journal*, March 3, 2010. Green Street Advisors are projecting that the multi-family construction will increase significantly in 2010 versus 2009. Last year, REIT's (Real Estate Investment Trusts) provided funds for just over \$100 million in new construction. The amount for 2010 is estimated to be \$1 billion. Analysts state that the economy has not improved that much, but anticipate it will improve and that multi-family structures are still the best commercial property investment. (See the Feb. 20 WSJ article on page 21.)

■ Htrends.com, March 15, 2010. Hotel construction is a long, drawn-out project from start to finish. The information in the chart on the next page does definitely indicate the industry is slowing the number of projects and new rooms entering the market.

■ Alan Zibel, AP, March 19, 2010. Another surprise for some homeown-

ers struggling to make their payments. If they are participating in one of the federal governments mortgage assistance program, their credit scores are often being reduced by as much as 100 points. Thus, the lower the credit score, the more difficult it is to get loans and also more likely it is to be charged higher interest rates.

■ Roger Yu, *USA Today*, March 15, 2010. Luxury for less: Now may be the time to book that luxury hotel. Although the industry says the number of room bookings has increased, the room rates are still down 22% from 2008.

■ Anton Troianovski and Nick Timiraos, *The Wall Street Journal*, March 18, 2010. If you are thinking about building that really unusual house, now might not be the time. This story talks about the difficulty and almost impossibility of financing the unusual. One home discussed has 2,700 square feet and walls made of 17,000 tires compressed into five-foot-wide blocks; holes are filled with cans, bottles and plastic plates and covered inside and out with concrete, clay and stucco. Another home has insulation made of 50 tons of paper Coors beer packaging. Now that is a lot of beer drinking!

■ Cari Tuna, *The Wall Street Journal*, March 19, 2010. This story seems to be countering the national trend, but California seems to always set the trend. The median home sale price in February was up over 11% from a year ago and is primarily the result of sales of more pricey homes.

■ Matthew Dolan, *The Wall Street Journal*, March 19, 2010. This story will make you count your blessings. A change in the property tax rules in Michigan is projected to reduce the taxes on the Big 3 Automakers substantially. Changes in personal property assessments could lower values by as much as 40%. One city of 9,000 could see the loss of 20% of the tax base as a result of the change.

■ Elizabeth Holmes, *The Wall Street Journal*, March 19, 2010. Major retail

**Hotel Constuction Slows** (see March 15 article from Htrends.com on page 22)

| Region             | Total Active Pipeline (projects) Feb. 2010 | Total Active Pipeline (projects) Feb. 2009 | % change | Total Active Pipeline (rooms) Feb. 2010 | Total Active Pipeline (rooms) Feb.2009 | % change |
|--------------------|--|--|----------|---|--|----------|
| Pacific            | 375  | 589  | -36.3%   | 47,286                                  | 69,765                                 | -32.2%   |
| Mountain           | 290  | 521  | -44.3%   | 32,701                                  | 69,035                                 | -95.3%   |
| West North Central | 172  | 247  | -30.4%   | 15,542                                  | 23,808                                 | -7.3%    |
| West South Central | 693  | 1,074                                      | -35.5%   | 59,793                                  | 96,545                                 | -38.1%   |
| East North Central | 293  | 462  | -36.6%   | 29,630                                  | 48,303                                 | -38.7%   |
| East South Central | 274  | 386  | -29.0%   | 24,077                                  | 38,578                                 | -37.6%   |
| Middle Atlantic    | 554  | 658  | -15.8%   | 57,554                                  | 68,578                                 | -16.1%   |
| New England        | 117  | 168  | -30.4%   | 14,300                                  | 20,068                                 | -28.7%   |
| South Atlantic     | 783  | 1,285                                      | -39.1%   | 87,857                                  | 140,522                                | -37.5%   |

corporations such as Ann Taylor, Banana Republic, Gap and Old Navy are looking for ways to cut down the number of square feet they are occupying by reducing the number of stores and reducing the size of existing stores. These reductions are a result of the economy and the lower volume of sales. The research company Green Street Advisors, Inc. has reported that average sales per square foot in malls peaked in 2007 at \$454 and by the end of 2009 was down to \$400.

■ Jeff Bater and Conor Dougherty, *The Wall Street Journal*, March 24, 2010. The national housing market does not seem to be improving. The inventory of homes for sale was up almost 10% in February, which represents an 8.6-month supply as compared to a 7.8-month supply, according to the National Association of Realtors. Reasons given for the increase in inventory were a new wave of foreclosures and fire sales on existing homes.

■ Anton Troianovski, *The Wall Street Journal*, March 24, 2010. The National Association of Realtors is bringing up some interesting sections and reactions to the new health care overhaul. One of the sections in the bill is for a 3.8% Medicare tax on the investment income

of upper-income taxpayers including rental income. There is fear this could create more problems for a depressed commercial real estate market.

An interesting reaction is the already apparent interest in medical

office buildings. The thought is that more medical facilities will be needed with more people receiving insurance and thus can go to a doctor versus the emergency room.




**New York City's Skinniest...**

From the Associated Press, Jan. 14, 2010.

Submitted by Kevin Bradshaw, CAE, RMA

Okay, so it used to be an alley, but now it is New York City's skinniest home. This two-bedroom two-bath home is 9½ feet wide and 42 feet long and was built in 1873. It sold in 2000 for \$1.6 million and again in August 2009 for \$2.7 million. Oh, you can rent for \$10,000 month.



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620-341-3377**



# KANSAS COUNTY APPRAISERS ASSOCIATION

Annual Business Conference ❖ June 6 – 9, 2010 ❖ Holiday Inn-Campus ❖ Manhattan

**Golf Tournament:** Mon., June 7, at Stagg Hill Golf Course, 4441 Fort Riley Blvd. 7:30 a.m is continental breakfast, and tee off is 8 a.m. Tournament is a scramble. **No walk-ons or payments will be allowed at the tournament site.** Breakfast & lunch are included in the price. Pairings arranged by Mark Low, tournament coordinator or, if you have a team, please list names below:

\_\_\_\_\_

\_\_\_\_\_

**Bowling Tournament:** Sun., June 6 at Union Bowl, KSU Campus. Check-in by 6 p.m. and bowling at 6:30 p.m. Tourney is co-ed and for all levels of bowlers. Join us for the KCAA adaptation of Razzle Dazzle! Elysa Lovelady is tournament coordinator.

**Sunset Zoo “Behind the Scenes” Tour:** 9:30 a.m. to noon Mon., June 7. (Meet in the hotel lobby at 9 a.m to coordinate transportation.) Get a behind the scenes look at the zoo plus time to explore the sites. Lunch is on your own. Elysa Lovelady is tour coordinator.

## REGISTRATION & FEES

| REGISTRATION FEES                                       | BY MAY 17                                     | AFTER MAY 17                         |
|---|---|--------------------------------------|
| <input type="checkbox"/> Full Registration              | _____ \$245                                   | _____ \$255                          |
| <input type="checkbox"/> Education Only                 | _____ \$145                                   | _____ \$155                          |
| <input type="checkbox"/> Golf Tournament                | _____ \$ 70                                   | <b>No registrations after May 23</b> |
| <input type="checkbox"/> Bowling Tournament             | _____ \$ 17 (Includes 3 games, shoes, prizes) | <b>No registrations after May 23</b> |
| <input type="checkbox"/> Monday Morning Sunset Zoo Tour | _____ \$ 5                                    | _____ \$ 5                           |
| <b>Total Enclosed</b>                                   | \$ _____                                      | \$ _____                             |

Name \_\_\_\_\_ County/Company \_\_\_\_\_

Address \_\_\_\_\_ City/State/ZIP \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

## SPOUSE/GUEST REGISTRATION

| REGISTRATION FEES   | BY MAY 17                                    | AFTER MAY 17                         |
|---|--|--------------------------------------|
| <input type="checkbox"/> Golf Tournament                    | _____ \$70                                   | <b>No registrations after May 23</b> |
| <input type="checkbox"/> Bowling Tournament                 | _____ \$17 (Includes 3 games, shoes, prizes) | <b>No registrations after May 23</b> |
| <input type="checkbox"/> Monday Morning Sunset Zoo Tour     | _____ \$ 5                                   | _____ \$ 5                           |
| <input type="checkbox"/> Monday Night Dinner/Entertainment  | _____ \$30                                   | _____ \$33                           |
| <input type="checkbox"/> Tuesday Night Dinner/Entertainment | _____ \$30                                   | _____ \$33                           |
| <input type="checkbox"/> Tuesday Awards Luncheon            | _____ \$20                                   | _____ \$23                           |
| <b>Total Enclosed</b>                                       | \$ _____                                     | \$ _____                             |

Spouse/Guest Name \_\_\_\_\_

## HOTEL INFORMATION:

Holiday Inn-Campus  
 1641 Anderson Ave.  
 Manhattan, KS 66502  
 Ph. 785-539-7531 or 800-962-0014  
 Room Rate: \$99.95 + tax

**Send Forms to:**  
 KCAA  
 P.O. Box 988  
 Meade, KS 67864  
 620-873-2237 (fax)  
 kcaa@sbcglobal.net