



# APPRAISING THE PLAINS of Kansas



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## The 2009 Legislative Reception



Stephanie O'Dell, RMA, Miami County appraiser, visits with a member of her legislative delegation, Rep. Jene Vickrey.

County appraisers and legislators gathered at the beautiful Governor's Row House in Topeka for KCAA's Legislative Reception. See snapshots from the reception and read about the issues KCAA is watching this session on pages 4-5.

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## Ramblings of an “Elder”

Elysa K. Lovelady  
Butler County Appraiser  
KCAA President

Lion or the other way around? Probably depends on if you mailed your CVN's March 1st or April 1st. This years brings its own challenges placing values with the national economic forecast on everyone's minds. As many of us found out in the recent round of PUP hearings, Kansans are good at following the national news but may not be aware of local market conditions. In my county, we have found that we were somewhat insulated and our market did not follow the national trends, although we are not seeing the percent of increases we have in past years. I expect for most of us the 2009 informal hearings will be a challenge.

Well, along with getting CVN's ready to mail, we have to be mindful the Legislature is in session. The usual bills proposed to place a “cap” on value seem to have gone by the wayside as Prop K is gaining support. I have seen many commercials showing the increase in taxes per county over a ten-year span, but what seems to be missing is the mention of how much of this increase was due to new construction. In Butler County in 2008, we grew by over 3,000 parcels due to new plats. This is a 10% increase in parcel count in one year, most of which were one large ag parcel prior to platting. Along with the plat also comes annexation—so yes, there will be a tax increase. We all need to be vigilant in promoting our professionalism and how well our current appraisal system works. Our ratio study coupled with procedural compliance is our best indicator of how well we are performing our duties.

Other bills of interest are the consolidation of counties. Butler, Sedgwick, Sumner, and Cowley counties would make up one county under this bill. Can you imagine how the commission districts would work in this case (based on population)? I doubt anyone outside the current Sedgwick County line could file for office if this were enacted with the population redistricting in place. Now we see in HB 2269 that they are considering exempting Section 42 housing. We will know shortly where we stand on these issues.

Ahh, and don't forget the carnival is coming again. It seems the ticket booth is already open, the carousel assembled and well-oiled, and the first rides are being offered. I expect it will circle many times between now and July. Some, I hear, have decided not to ride this time around, while others have picked their old standard and yet others will look for a new horse to ride this time around. Whatever your take, I hope you will plan to join us at the KCAA annual conference June 7 – 10 in Wichita.

The closest to perfection a person ever comes is when he fills out a job application form.

—Stanley J. Randall

**KCAA Appraising the Plains of Kansas** is a quarterly publication of the Kansas County Appraisers Association. KCAA invites readers to submit articles or topics of interest for inclusion in “Appraising the Plains.” Send them to Cindy Brenner, KCAA, P.O. Box 988, Meade, KS 67864. Ph. (620) 873-7449. Fax (620) 873-2237. Email: [kcaa@sbcglobal.net](mailto:kcaa@sbcglobal.net)



### A Fat Tax...of sorts!

By Rick Stuart, CAE

In the January 11 issue of *Business News* was an article written by Catherine Arnst with the title “A Tobacco-Style Tax on Fattening Drinks.” Briefly, it is about placing sales tax on non-diet soda and sugary juice drinks. New York Governor David Paterson is the most serious on this and says an 18% sales tax would raise \$539 million per year with all of it earmarked for obesity-fighting public health programs. At least 27 states currently have sales taxes of 7% to 8% on junk food such as candy and snacks.

Although being heavily fought by the drink industry, health officials continue to discuss the additional cost of providing health care resulting from obesity. A full two-thirds of American adults are overweight or obese, as are 33% of children and adolescents, according to The Centers for Disease Control and Prevention (CDC).

Maybe this will keep the discussion diverted from property tax...(Okay, so it was just a temporary good thought it would do that!)

### Be the Big Winner!

It seems that at every meeting of appraisers, the discussion soon turns to how many are leaving or retiring at the end of this term. Well, now is an opportunity to win some money on those guesses. First place will receive \$100, second \$50 and third \$25.

Simply send an email to Cindy at [kcaa@sbcglobal.net](mailto:kcaa@sbcglobal.net) **prior to May 16**. Include your name and guesses for the following in the body of the email:

- # of appraisers leaving
- # of counties directly affected

Winners will be announced at the annual conference in June. (In case of a tie, the person offering the biggest bribe will win!)

## Board Meeting Highlights

### ■ KCAA Executive Board Meeting Feb. 2, 2009, Topeka

**Attendees:** Elysa Lovelady, Dean Denning, Greg McHenry, Gayla Godfrey, Della Rowley, Mark Hixon, David Thornton, Bobby Miller, Rick Stuart, Mark Low, Leroy Burk, Craig Clough, Cindy Brenner.

President Elysa called the meeting to order. The November meeting minutes were approved with a change to the minutes to reflect the board went into executive session to vote for the secretary compensation for 2009.

Della gave a Treasurer's report. Accounts were reconciled for July 2008–current. No discrepancies were found. Della will email a report to all board members.

The Marshall Swift classes the KCAA are to offer in 2009 were discussed. The discussion focused on whether the courses should be written and geared toward Orion or if the standard classes from IAAO should be offered. It was decided to not offer the courses. (Note that it was later determined to go ahead with the courses, so they are listed in the education offerings section of the newsletter on p. 14.) It

was questioned if having the chair of the education committee as an instructor is a conflict of interest? Elysa will follow up on the Rock Quarry & Grain Elevator classes.

Paul sent out a 20-year summary of bills that have affected the tax rate. Craig will get copies for tonight. Craig reported on a meeting regarding Prop. K that he attended. Charles Koch is backing this initiative. There are similar laws in Oregon and Massachusetts. The bill benefits developers. KAC and Kansas League of Municipalities will lobby against this.

Della recommended committee or board go to county where Orion is working to view it. It is being said that centrally hosted counties are having reliability issues. Elysa will talk to computer committee about what is going on with Orion. It was suggested there be another panel discussion at conference this year. Elysa also to speak to Danette regarding getting Cindy a report re: Orion progress.

It was asked if vendors could attend the Legislative Reception. It was determined to be a non-issue.

The meeting was adjourned by Elysa Lovelady.

## Oh, What People Do to Real Estate!

By Rick Stuart, CAE

I had the opportunity (some may suggest that is the wrong word) to conduct some payment-under-protest hearings for Butler County. We all know from experience that people do some wacky things with their property, but this one made me think. It was one of those situations where they had to repeat it for me, followed by several questions. The story went something like this.

Three brothers purchased a 40-acre tract. A son of one of the brothers asked to pour a foundation and place a doublewide manufactured home on it. They agreed and all was well, until they became delinquent on the home. The lending institution foreclosed, and at the Sheriff sale, a third party purchased the home. The third party made the purchase with hopes of convincing the owners to sell the 40 acres. They were not interested in selling. The son, needing some place to live, agreed to buy the home back on contract from the third party with his father and mother also being on the note.

They were not concerned about the property value; they wanted the county to figure out the ownership and who should be taxed for what. It really was an easy hearing for me. I gave it to the county appraiser. What did you do with it Elysa?

Elysa Lovelady, Butler County Appraiser:

"I placed the 'correct' value on the property. Then I sent a letter notifying them that if the landowner did not have title to the home, they could file a lease in the Register of Deeds Office. After that, we would be happy to place the manufactured home as a separate building on leased land parcel, but since the home was on a permanent foundation as required by county zoning, it would have to be inventoried and valued and taxed on the parent parcel until this lease was filed. I have not heard back from them."



## Fun With Trees

Photo submitted by Rod Broberg, RMA, Saline County Appraiser

A neighbor across the road from Rod's house built the tree house pictured. Rod is hoping this will be a good outdoor cocktail lounge come warm weather.



# Legislative Points At Issue

By Paul Welcome, CAE, RMA, ASA , Feb. 2, 2009

**Editor's Note:** Paul Welcome, CAE, RMA, ASA provided the following good analysis of tax exemptions passed by the Legislature over the past 20 years and constitutional problems in proposed HB 2150.

## I. HB 2150: Constitutionality Issues

Article 11, § 1 of the Kansas Constitution, in clear and simple language, vests the State's taxing authority in the Legislature, stating:

"The legislature shall provide for uniform and equal rate of assessment and taxation, except that the legislature may provide for the classification and the taxation uniformly as to class of motor vehicles, mineral products, money, mortgages, notes and other evidence of debt or may exempt any of such classes of property from property taxation and impose taxes upon another basis in lieu thereof. All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, all house-hold goods and personal effects not used for the production of income, shall be exempted from property taxation."

HB 2150 begins by referencing the use of an "adjusted baseline value." The statute proposed to replace the terms "fair market value" with "adjusted baseline value." The use of adjusted baseline value does not provide for "uniform and equal rate of assessment and taxation" as required by the Kansas Constitution.

The Kansas Supreme Court has held in *State v. Martin*, 227 Kan. 456, (1980) that fair market value is a valid way of assessing property taxes in a "uniform and equal basis," holding that "the equal basis currently provided by the legislature is 'fair market value.'" The Court also stated that the law shall provide "for uniformity in the basis of assessment as well as in the rate of taxation" and that "all property which is subject to general property taxation must be valued or assessed on an equal basis."

In *State v. Martin*, 230 Kan. 759 (1982), the Court stated, "Anything less than fair market value is not fair market value." In all classes of property, values do not appreciate equally as suggested by the adjusted baseline method. HB2150 would fail to make a fair and equal assessment and rate of taxation.

## II. Legislative Efforts to Amend Statutes Governing the Tax/Tag of 16 & 20 M Trucks

Move taxation administration of 16,000 and 20,000 lb. trucks to within the State's Vehicle Information Processing System (VIPS) by amending K.S.A. § 79-5100 *et seq.*

- Promotes modernization of processes by county government

- Currently we maintain separate assessment rolls and separate tax rolls
- Taxpayers find the current arrangements particularly confusing
- This modification results in significant savings by eliminating extra work by appraisers, clerks, treasurers and taxpayers.
- VIPS can accommodate this classification of vehicle

Measure supported by Kansas Association of Counties, Kansas County Appraisers Association, Kansas County Treasurers Association

**continued on next page**



## 2009 KCAA Legislative Reception

The KCAA Legislative reception was held Feb. 2, 2009, at the historic Governor's Row House in Topeka. There were approximately 52 legislators and 35 county appraisers in attendance. Thank you to all of the appraisers who made the time to attend.

There were numerous topics discussed, but Proposition K seemed to be the most discussed topic of the night. I encourage all of you to make contact with your legislators throughout the year. They need to hear from you! Thanks to all of you who helped with putting on the reception.

**Photos from the reception continue on page 5.**



(center L-R) Dianna Carter, RMA, McPherson County appraiser, and Craig Clough, RMA, Harvey County appraiser, talk with local legislators.

Legislative Points At Issue, cont.

III. FOR INFORMATION ONLY

Legislative Actions Resulting in Loss of Tax Revenue Occurring Over Last 20 Years	Statute
1. Agricultural Use valuation capitalization rate shall not be lower than 11% nor more than 12%	79-1476 (2002)
2. Removal of Commercial Machinery and Equipment, to include Personal Property of Public Utilities. In Johnson County, this represented about 4% of the tax roll. Recognize the transformation of the industry (e.g., cell phones, cable TV) and re-define them as public utilities	79-201m (1988-1989)  79-5a01 (1969)
3. Certain low-producing oil leases, exemption broadened in 1998 to include average daily production of 3 and 5 barrels	79-201t (1992-1998)
4. Exemption of not-for-profit retirement facilities	79-201b (1975-2004)
5. Lowering the Residential property assessment to 11.5% and Commercial property assessment to 25%	Art.11, § 13 (1992)
6. Eliminated statewide mill levy (~20 mils) from vehicle tax/tag system	79-5105 (1995)
7. Various Tax Credits/Exemptions: • Neighborhood Revitalization Act • Industrial Revenue Bonds • Economic Development Exemptions • Downtown Redevelopment Act	12-17,114 (1994) 79-201a Second (1975-2007) Art.11, § 13 12-17,121 (2004)
8. Exemption of up to \$20,000 on residential property from statewide school levy	79-201x (1997-2007)
9. Hay, silage farm storage & drying equipment Farm Machinery and Equipment Grain	79-201d (1975-2007)  79-201j (1982) 79-201n (1988)
10. Business aircraft, used exclusively for business	79-201k (1982-2004)
11. Real property used predominantly as a location for facilities that utilize renewable energy resources and technologies, including wind, solar, thermal, photovoltaic, biomass, hydropower, geothermal, and landfill gas, to generate electricity and tangible personal property comprising such facilities	79-201, Eleventh (1999)

Snapshots from the Legislative Reception



▲(center L-R) County Appraisers Greg McHenry, RMA, Riley Co. , and Janet Duever, RMA, Marshall Co., talk with legislators about Prop K.



◀ Melinda Vahle, interim Jewell and Osborne County appraiser.



Cindy Brenner, KCAA executive secretary, and Terry Henning, RMA, Hodgeman Co. appraiser. ▶



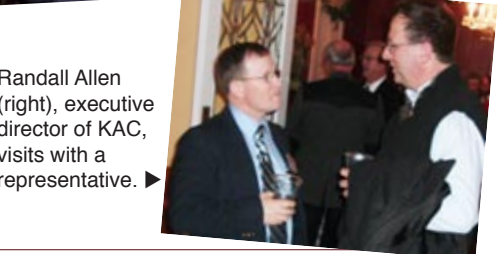
◀ Leon Reimer, RMA, Meade Co. appraiser



President Lovelady ▶



◀ The Unknown County Appraiser



Randall Allen (right), executive director of KAC, visits with a representative. ▶



# Salute the Endurers!

*Paying Homage to Longtime County Appraisers*



**Marion Johnson, CAE**  
Douglas County  
Appraiser

## Why and how did you get started in the appraisal profession?

I was an elected county clerk in Linn County, and we had an opening at the county appraiser position. The county commission asked if I wanted to do both jobs. I said yes and the rest is history.

## What did you want or intend to be when you grew up?

I wanted to be a sports reporter or broadcaster. I received a degree in journalism from the University of Kansas.

## If you could change one thing associated with your career, what would it be?

Not sure I would change anything at this point. It has been a very enjoyable and rewarding career for me.

## What person(s) has had the greatest effect upon your personal and professional life?

There are two people who have had the most effect on me in the appraisal profession, Paul Welcome and Rick Stuart. Both have helped me accomplish what I have in this profession.

## How long have you been a county appraiser and where?

I have been a county appraiser since 1982. I have worked in Linn, McPherson and Douglas counties.

## What words of advice do you have for your fellow appraisers or any future appraisers?

Take pride in your profession. It is comprised of great people and offers many opportunities if you take advantage of them. Get involved with not only the state association but also with the international organization. It provides a great opportunity to meet other people around this country and the world who

do the same thing we do. Take a risk, the benefits will be worth it.



**Jolene S. Karlin, RMA**  
Rooks County  
Appraiser

## Why and how did you get started in the appraisal profession?

After graduating high school, I needed a job (because baby-sitting was not paying the bills); so when Frances, the county appraiser in 1982, called me about a job, I jumped for it. (I definitely did not know what I was getting into!)

## What did you want or intend to be when you grew up?

A schoolteacher when I was in grade school and a secretary when I was in high school.

## What person(s) has had the greatest effect upon your personal and professional life?

Frances Austin. She was the county appraiser from the early 1970s until December 1991, when I was appointed after her retirement. Frances was a very special person; she was tough when she needed to be and very understanding to everyone's problems. I met Frances when I was in the third grade, since her daughter was in my class and her sons and my brothers ran around together in high school. I have always admired Frances for many things, and I would not be where I am now if not for her and her support and advice over the years.

## How long have you been a county appraiser and where?

I started working in the Rooks County Appraiser's office in October of 1982 and replaced Frances when she retired in December of 1991.

## What words of advice do you have for your fellow appraisers or any

## future appraisers?

Try not to stress over the small things —we cannot please every taxpayer or we are not doing our job correctly. Try to leave the problems from work at the office and enjoy your time with family and friends!



**Rod Broberg, RMA**  
Saline County  
Appraiser

## Why and how did you get started in the appraisal profession?

I applied for the vacant position of Lincoln County Appraiser in 1978 because I was trying to get established in farming and it looked like a good part-time job. I'm still holding onto a small sliver of hope that the farming thing will work out and I will be able to quit this "temporary" job.

## What did you want or intend to be when you grew up?

I don't ever remember thinking about that prior to graduating from high school. I went to college and majored in milling science because it looked interesting and I had to declare a major. Later in college I decided that back on the farm would not be a bad thing, so I changed my major to agronomy.

## If you could change one thing associated with your career, what would it be?

I wish that I had recognized earlier that mass appraisal would become a career and that I would have pursued appraisal education and designations much earlier than I did.

## What person(s) has had the greatest effect upon your personal and professional life?

Several people come to mind. First of all, my dad, who taught me self-discipline and self-responsibility. Secondly is Dana Morse, the first county admin-



istrator I worked for. He was as much of a mentor to me as anyone before or since. He taught me a lot about dealing with people.

More than any individual though, one should try to learn things from everyone around you. Look at all of your friends, fellow workers, colleagues, public figures and people you just run into. Look at what kinds of decisions they make in certain situations. Would you have made that decision? How did it work out for them? I think I have learned more in my life about what not to do than I have learned about what to do.

#### How long have you been a county appraiser and where?

Coincidentally, I am writing this on Jan. 15, 2009. My first day on the job as Lincoln County appraiser was Jan. 15, 1979. I started to work as the assistant county appraiser in Saline County in September of 1985, and became the county appraiser here in 1991.

#### What words of advice do you have for your fellow appraisers or any future appraisers?

Strive to be professional. One of the hardest things to do is to maintain your professionalism in the face of an angry and belligerent taxpayer, but it can also be one of the most satisfying.

Always believe in yourself. No one gets to be a county appraiser in Kansas without having self-confidence. When all of your taxpayers and the media, and maybe your commissioners, constantly question your judgment, you have to be your own cheerleader.

Find something to do outside of the appraisal world. Find something to be passionate about that satisfies the need to be creative and relieve stress in your life. Recreation means to recreate yourself so that you can meet your challenges renewed and refreshed.

*"Take pride in your profession. It is comprised of great people and offers many opportunities if you take advantage of them."*

—Marion Johnson



**Kansas Night 2009**  
September 15, 2009  
Louisville, Kentucky

Make plans now to join all your Kansas friends at the 75th IAAO Conference!

## 2009 IAAO Conference

By Marion Johnson, CAE

Start planning now for the 75th anniversary of the IAAO annual conference set for September 13-16 in Louisville, Ky. The theme for this year's conference is "Win, Place and Grow with IAAO!" The program for this year's event has been finalized and will be published in the April edition of *F&E*.

The educational tracks will be Appraisal Challenges in a Changing Economy, Geospatial, Tax Policy, Personal Development/Management, Personal

Property/Public Utilities, Valuation Special Topics and IAAO Committee Spotlight. Also on the program this year will be two plenary sessions.

On Wednesday morning, Sept. 16, Peter Korpacz will be back to discuss the current status of the national real estate market and the economy. Korpacz spoke to the attendees at last year's conference in Reno and was a conference favorite. He will provide an update of what has happened since that meeting and what he sees in the future. New this year will be a second plenary session, set for Tuesday morning, Sept. 15. This session will look at the history of property appraisal along with the 75 years of the IAAO. Another part of the plenary session will touch on the future of mass appraisal and the IAAO. *Make your plans to attend!*

### Ya Gotta Like This!

As an IAAO member—or if you sign-up as a first-time member—you have an opportunity to win a *free* registration to the IAAO 75th Conference this September in Louisville, Ky. The drawing will take place at the KCAA Annual Conference in June (see page 22). If you are already an IAAO member, your name will automatically be entered into the drawing. If you are a first-time member, IAAO Executive Board Member Kim Lauffer, RES, RMA, can offer you half-price (\$87.50) and you will also be entered into the drawing. Contact her at [cmappras@pixius.net](mailto:cmappras@pixius.net).

But the giving keeps on coming. You can also apply to IAAO for a scholarship to help with some of the other costs to attend conference. Find details by going to <http://www.iaao.org/sitePages.cfm?Page=118> and then in the middle of the page select Scholarship Fund Flyer for print.

Additionally, Kim says all new IAAO members from Kansas will receive \$5 off Kansas Night at the IAAO Conference (see above). You won't want to miss this fun-filled event!



### IAAO Member News

Thanks to all for your participation in IAAO.

#### 15-year Members:

Craig Clough, Harvey County

#### 20-year Members:

Ozina Love, Wyandotte County; Peter Davis, Property Valuation Division

#### New Members:

Shirley Ehrlich, Geary County; David Harper, Property Valuation Division; Leann Armstrong, Butler County; Sherry Deabler and Robert Weber, Sedgwick County

## So, What About Those Values?

Just a quick survey on what property values are doing throughout the state.

**Douglas County:** Residential values went down from 1% to 4%. Median decrease was 2%. Commercial values were flat or down just slightly. Median decrease was one-half of a percent

**Shawnee County:** Flat & Flat. Year-end ratios were 100 for both. Did not want to rely upon sales prior to 10/1/08, but 4th quarter sales did not reveal an increase or decrease in values. Absorption rates for residential were in equilibrium (5–6 months) with the exception of houses over \$400K, where there is a 21-month supply on the market. However, that is not extremely unusual. I expect a high number of appeals this year because property owners believe they have lost a significant amount of value based upon the national trends.

**Chase County:** Rural Residential (no matter the location in the county) and Lake Properties are still increasing 15%. Commercial values are up 2% and Residential values are up about 1% overall.

**Seward County:** Rural Residential and small town values upward at 2%. Commercial values are up 4% and Residential market and cost values continue upward 4.5%.

**Atchison County:** Residential generally is up 2% to 3% with commercial up around 7%.

**Ellis County:** There is an indicated shortage of homes for sale, especially in the \$60,000 to \$150,000 ranges; if you look at simple averages, the overall market indicates that a typical increase of about 3% was needed to at least stay close to sale prices. Examination of sales of Commercial Property indicates that our valuation for tax purposes was slightly over 5% too low, based on 2008 valid sales. This shows that we are finally catching up to commercial sale prices and don't need to increase quite so much this year.

**Wyandotte County:** Somewhat dire news in that our residential values generally decreased anywhere from 3% to 12%. Obviously, there were some that went up due to new construction or sales, but most went down this year. The overall average decline appears to be around 6%. Commercial held up a little better on individual properties, but the overall decrease was around 6% as well. The good news, if it is, is that our appeals are way down so far.

## Pew Center Report

By Rick Stuart, CAE

A good source of information is the website Pew Center on the States. I found information on subprime mortgages and foreclosures. There is a general report and then a report by state. I have noted the Kansas link below; and it is only two pages, so it is a quick read:

[http://www.pewcenteronthestates.org/uploadedFiles/wwwpewcenteronthestatesorg/Fact\\_Sheets/Kansas\(1\).pdf](http://www.pewcenteronthestates.org/uploadedFiles/wwwpewcenteronthestatesorg/Fact_Sheets/Kansas(1).pdf)

The one positive note for Kansas is that 1 in 53 people are expected to face foreclosure by the end of 2010 because of subprime mortgages, compared to a national average of 1 in 33.

## 2009 Economic & Housing Market Outlook

By Rick Stuart, CAE

I had the opportunity to join the Wichita Chapter of IAAO and sit in on a luncheon presentation by Dr. Stanley Longhofer from Wichita State University on the above topic. The presentation was primarily PowerPoint slides of economic indicators but included direct comparisons between the United States as a whole and what is occurring in Wichita. Some of the key points are:

1. Mortgage rates are very low, and the credit score of the borrower may be the most important determinant in whether a loan is issued.
2. All banks have tightened their lending practices, with 50% of the banks reporting reduced requests for loans.
3. The rate of delinquency for prime mortgages is only 2%, but the subprime mortgages have a delinquency rate 40% to 50%.
4. Nationally the inventory of houses for sale is approximately 8 months with only 5 months in Wichita; new home inventory nationally is at 11 months and only 8 months in Wichita.
5. As of Jan. 1, 2009, new home construction was down about 40% for both the nation and Wichita. Home price appreciation in Wichita was flat as of the start of 2009.



*New home inventory nationally is at 11 months and only 8 months in Wichita.*



# New Rules Affecting Fee Appraisers

Submitted by Stacy Salters , Independent Fee Appraiser

The new Home Valuation Code of Conduct is set to go into effect on May 1, 2009. You might want to take time to read it, as it will affect anyone that is involved in ordering, underwriting, preparing, or otherwise using an appraisal.

**Editor's Note:** This agreement is supposed to stop all the pressure on fee appraisers from lending institutions. If you are not familiar with this, I would suggest the read it below. There is considerable opposition in appraisal circles to this agreement. A frustrating article concerning HVCC can be found on Business Week's website, "Housing Appraisals: Still Blowing Bubbles," [www.businessweek.com/magazine/content/09\\_07/b4119042628146.htm](http://www.businessweek.com/magazine/content/09_07/b4119042628146.htm)

## Home Valuation Code of Conduct

I. No employee, director, officer, or agent of the lender, or any other third party acting as joint venture partner, independent contractor, appraisal management company, or partner on behalf of the lender, shall influence or attempt to influence the development, reporting, result, or review of an appraisal through coercion, extortion, collusion, compensation, instruction, inducement, intimidation, bribery, or in any other manner including but not limited to:

1) withholding or threatening to withhold timely payment for an appraisal report;

2) withholding or threatening to withhold future business for an appraiser, or demoting or terminating or threatening to demote or terminate an appraiser<sup>1</sup>;

3) expressly or impliedly promising future business, promotions, or increased compensation for an appraiser;

4) conditioning the ordering of an appraisal report or the payment of an appraisal fee or salary or bonus on the opinion, conclusion, or valuation to be reached, or on a preliminary estimate requested from an appraiser;

5) requesting that an appraiser provide an estimated, predetermined, or desired valuation in an appraisal report, or provide estimated values or comparable sales at any time prior to the appraiser's completion of an appraisal report;

6) providing to an appraiser an anticipated, estimated, encouraged, or desired value for a subject property or a proposed or target amount to be loaned to the borrower, except that a copy of the sales contract for purchase transactions may be provided;

7) providing to an appraiser, appraisal management company, or any entity or person related to the appraiser or appraisal management company, stock or other financial or non-financial benefits;

8) allowing the removal of an appraiser from a list of qualified appraisers used by any entity, without prior written notice to such appraiser, which notice shall include written evidence of the appraiser's illegal conduct, a violation of the Uniform Standards of Professional Appraisal Practice (USPAP) or state licensing standards, substandard performance, or otherwise improper or unprofessional behavior;

9) ordering, obtaining, using, or paying for a second or subsequent appraisal or automated valuation

model in connection with a mortgage financing transaction unless there is a reasonable basis to believe that the initial appraisal was flawed or tainted and such basis is clearly and appropriately noted in the loan file, or unless such appraisal or automated valuation model is done pursuant to a bona fide pre- or post-funding appraisal review or quality control process; or

10) any other act or practice that impairs or attempts to impair an appraiser's independence, objectivity, or impartiality.

Nothing in this section shall be construed as prohibiting the lender (or any third party acting on behalf of the lender) from requesting that an appraiser (i) provide additional information or explanation about the basis for a valuation, or (ii) correct objective factual errors in an appraisal report.

II. The lender shall ensure that the borrower is provided, free of charge, a copy of any appraisal report concerning the borrower's subject property immediately upon completion, and in any event no less than three days prior to the closing of the loan. The borrower may waive this three-day requirement. The lender may require the borrower to reimburse the lender for the cost of the appraisal.

III. The lender or any third-party specifically authorized by the lender (including, but not limited to, appraisal management companies and correspondent lenders) shall be responsible for selecting, retaining, and providing for payment of all compensation to the appraiser. The lender will not accept any appraisal report completed by an appraiser selected, retained, or compensated

<sup>1</sup>An "Appraiser" must be licensed or certified by the state in which the property to be appraised is located.

**Home Valuation Code, cont.**

in any manner by any other third-party (including mortgage brokers and real estate agents).

IV. All members of the lender's loan production staff, as well as any person (i) who is compensated on a commission basis upon the successful completion of a loan or (ii) who reports, ultimately, to any officer of the lender other than either the Chief Compliance Officer, General Counsel, or any officer who is not independent of the loan production staff and process, shall be forbidden from: (1) selecting, retaining, recommending, or influencing the selection of any appraiser for a particular appraisal assignment or for inclusion on a list or panel of appraisers approved to perform appraisals for the lender; (2) any communications with an appraiser, including ordering or managing an appraisal assignment; and (3) working together in the same organizational unit, or being directly supervised by the same manager, as any person who is involved in the selection, retention, recommendation of, or communication with any appraiser. If absolute lines of independence cannot be achieved as a result of the originator's small size and limited staff, the lender must be able to clearly demonstrate that it has prudent safeguards to isolate its collateral evaluation process from influence or interference from its loan production process.

V. Any employee of the lender (or if the lender retains an appraisal management company, any employee of that company) tasked with selecting appraisers for an approved panel or substantive appraisal review must be (1) appropriately trained and qualified in the area of real estate and appraisals, and (2) in the case of an employee of the lender, wholly independent of the loan production staff and process.

VI. In underwriting a loan, the lender shall not utilize any appraisal report prepared by an appraiser employed by:

- (1) the lender;
- (2) an affiliate of the lender;
- (3) an entity that is owned, in whole or in part, by the lender;
- (4) an entity that owns, in whole or in part, the lender
- (5) a real estate "settlement services" provider, as that term is defined in the Real Estate Settlement Procedures Act, 12 U.S.C. § 2601 et seq.;
- (6) an entity that is owned, in whole or in part, by a "settlement services" provider.

The lender also shall not use any appraisal report obtained by or through an appraisal management company that is owned by the lender or an affiliate of the lender, provided that the foregoing prohibitions do not apply where the lender has an ownership interest in the appraisal management company of 20% or less and where (i) the lender has no involvement in the day-to-day business operations of the appraisal management company, (ii) the appraisal management company is operated independently, and (iii) the lender plays no role in the selection of individual appraisers or any panel of approved appraisers used by the appraisal management company.

Notwithstanding these prohibitions, the lender may use in-house staff appraisers to (i) order appraisals, (ii) conduct appraisal reviews or other quality control, whether pre-funding or post-funding, (iii) develop, deploy, or use internal automated valuation models, or (iv) prepare appraisals in connection with transactions other than mortgage origination transactions (e.g.

loan workouts).

VII. The lender will establish a telephone hotline and an email address to receive any complaints from appraisers, individuals, or any other entities concerning the improper influencing or attempted improper influencing of appraisers or the appraisal process, which hotline and email address shall be attended only by a member of the office of the General Counsel, Chief Compliance Officer or other independent officer. In addition: (1) each appraiser now or hereafter on any list of approved appraisers, or, upon retention by the lender, will be notified, in a separate document, of the hotline and email address and their purpose; and (2) each borrower, as part of a cover letter accompanying the provided appraisal, will be notified of the hotline and email address and their purpose. Within 72 hours of receiving any complaint, the lender will begin a preliminary investigation of the complaint and upon completing the inquiry (or, after a period not to exceed 60 days, whichever shall come first) shall notify the Independent Valuation Protection Institute and any relevant regulatory bodies of any indication of improper conduct. The name and any identifying information of the person or entity that has filed such a complaint shall be kept in strictest confidence by the office of the General Counsel, Chief Compliance Officer or other independent officer, except as required by law. The lender shall not retaliate, in any manner or method, against the person or entity which makes such a complaint.

VIII. The lender agrees that it shall quality control test, by use of retroactive or additional appraisal reports or other appropriate method, of a randomly-selected 10 percent (or other bona fide statistically significant percentage) of the appraisals or valuations which are used by the lender, including the results of automated valuation models,

**Home Valuation Code, cont.**

broker's price opinions or "desktop" evaluations. The lender shall report the results of such quality control testing to the Independent Valuation Protection Institute and any relevant regulatory bodies.

IX. Any lender who has a reasonable basis to believe an appraiser is violating applicable laws, or is otherwise engaging in unethical conduct, shall promptly refer the matter to the Independent Valuation Protection Institute and to the applicable State appraiser certifying and licensing agency. X. The lender shall certify, warrant and represent that the appraisal report was obtained in a manner consistent with this Code of Conduct.

XI. Nothing in this Code shall be construed to establish new requirements or obligations that (1) require a lender to obtain a property valuation, or to use any particular method for property valuation (such as an appraisal or automated valuation model) in connection with any mortgage loan or mortgage financing transaction, or (2) affect the acceptable scope of work for an appraiser in connection with a particular assignment.

Source: eFannieMae.com. [www.efanniemae.com%252Fsf%252Fguides%252F52Fssg%252Frelatedsellinginfo%252Fappcode%252Fpdf%252Fhvcc.pdf](http://www.efanniemae.com%252Fsf%252Fguides%252F52Fssg%252Frelatedsellinginfo%252Fappcode%252Fpdf%252Fhvcc.pdf)

**New Fannie Mae Form**

By Rick Stuart, CAE

You may start seeing a new form included with some residential fee appraisals. The Market Conditions Addendum (Form 1004MC) is designed to enhance the transparency of the market trends and conditions conclusions made by the appraiser. The Market Conditions Addendum will be required with all one- to four-unit property appraisals performed on or after April 1, 2009. This requirement applies to loans delivered to Fannie Mae, whether the loans are underwritten manually or through Desktop Underwriter®.

The Market Conditions Addendum is intended to provide the lender/client with a clear and accurate understanding of the market trends and conditions prevalent in the subject neighborhood. The form provides the appraiser with a structured format to report the data and to identify more easily current market trends and conditions. The appraiser's conclusions must be reported in the "Neighborhood" section of the appraisal report.

To see the details and the form, go to Fannie Mae website: <https://www.efanniemae.com/sf/formsdocs/forms/1004mc.jsp>. Select "View Announcement 08-30 (pdf)" in the middle of the page.

**For Licensed Appraisers: FHA Appraiser Roster**

The following is from the KREAB website (<http://www.accesskansas.org/kreab/>).

Effective October 1, 2008, only appraisers who are state-certified and meet all other eligibility criteria may apply for placement on the FHA Appraiser Roster. FHA will no longer accept applications from state-licensed appraisers. This change was made to comply with requirements mandated by the Housing and Economic Recovery Act of 2008, which was signed into law on July 30, 2008. Future changes that will affect licensed appraisers who are currently on the FHA Appraiser Roster will be provided in a mortgagee letter, which will be published shortly and appear on HUD's website.

If you are currently on the roster and need to update your record, including address, phone number, e-mail address or for renewals, please visit <http://www.hud.gov/appraisers> for complete instructions. Kansas appraisers wanting to upgrade their state license to certified residential or general can download the requirements and all application forms from the Board's website at <http://www.kansas.gov/kreab/licensing>.

**Manatron Acquires Software Techniques, Inc.**

PORTAGE, MI, Jan. 21, 2009. Manatron, Inc., the nation's leading provider of integrated, enterprise-level property solutions for state and local governments, has acquired Software Techniques, Inc. (STI), a leading supplier of computer assisted mass appraisal (CAMA) software to government property appraisal districts. The acquisition was financed through an investment by private equity firm Thoma Bravo, LLC.

Founded in 1987 and headquartered in Winter Park, Fla., STI designs, develops and markets CustomCAMA™, a comprehensive, enterprise-level CAMA solution. The CustomCAMA product manages over five million parcels in the U.S. STI primarily serves large and progressive counties including Miami-Dade, Broward, Hillsborough and Pinellas, Fla; Clark (Las Vegas) and Washoe (Reno), Nev.; and Houston, Texas. STI also provides professional services including installation, training, project management and data conversion in connection with sales of its CAMA software. Manatron also purchased InfiniTec and NexTech of Kansas within the last year.



# Oh, the Games That are Played!

By Rick Stuart, CAE

It was brought to my attention that some county appraiser offices are now being denied access to local Multiple Listing Services (MLS), often after several years of participation. I surveyed some of the larger counties to see if they still had access, were reduced to limited access or have been denied access.

Relations with MLS and the local board of realtors has slowly changed over the years and seemed in most cases to be a sharing of data. When I started in Shawnee County in 1986, there was no way the local board would allow us access to what was then the sold and listing books. We did have one realtor who thought this was bogus, and he provided me a copy of the sold book. One day a realtor saw one on an employee's desk, and County Appraiser Gary Smith was summoned to a realtor's board meeting and drilled on how they had that book, and told that if it happened again, they would consider some type of action against the office. He could honestly say he did not know who provided that book to us because it seems I had "failed to communicate that to him."

You will see in the comments of appraisers below that Shawnee County now enjoys a very good working relationship with the local board. I am sure as you read the comments you will see a great inconsistency on how each local board functions and share my frustration about how one profession should, but apparently is not, working with another profession at all times.

## ■ Mike Montgomery, RMA Crawford County

Here in Crawford County we have never been allowed to join the MLS, despite several requests to do so. We do have a good relationship with the local Realtors, however. In years past, a Realtor friend would sneak us a book periodically. Now it is pretty much a moot point, since all the info and pictures are on the Web. I get e-mail updates of the new listings as they

are posted.

## ■ Marion Johnson, CAE Douglas County

Marion answered the questions that I posed to each appraiser:

### 1. How do you receive the data and how often?

We receive sales and pending sales weekly.

### 2. What is the fee if any?

\$360 per year

### 3. Has your relationship or agreement with MLS changed any in the last couple of years?

No changes.

## ■ Rod Broberg, RMA Saline County

Quite a few years ago, I inquired about access to multi-list and was simply told no. Later my cousin, who is a realtor, was president of MLS and convinced the MLS Board to allow us to have access to sold comps only, but not the current listings.

A few years after that, I was talking to the executive director of the Salina Board of Realtors (SBOR), and she asked me why I was not a member of SBOR. I was an honorary member, as were other county officials. She said that if I would become a regular member of SBOR and also a member of multi-list that I could have full access to listings as well as sold comps. So, currently I am a regular member of SBOR and MLS. There was no board action required, and apparently any realtors who had originally been opposed to our access were no longer around or in a position to object.

Currently, I pay full dues for both SBOR and MLS, which amount to over \$1,000 per year. Supposedly I am the only one who is supposed to be able to access and view multi-list. If I wanted to

have all my appraisal staff able to view, I would have to pay MLS dues (\$475) for each of them.

## ■ Elysa Lovelady Butler County

Butler County received the MLS before I moved to the county. We had a password (then a token) and were able to pull up only the sales on the Web at our pleasure.

I received a letter in October with a check refunding a pro-rated portion of my annual 2008 dues for SCMLS. The letter indicated they deemed we do not perform appraisals but rather "mass evaluations." I had an attorney send them a letter, and they brought before their board, and still deemed, I did not meet the requirements of their bylaws to remain a member. We are now filing for mediation.

I plan to put this on the agenda at the next KCAA board meeting but would be interested to see how many and what areas are having problems. When I was Harvey County appraiser back in 1991-1993, I belonged to local Board of Realtors and got not only sales but also listings from the MLS at that point. Not sure where this is coming from all of a sudden.

Butler County paid \$400 annual membership dues (actual membership was under my name and license).

I forgot to mention, unbeknownst to me, Information Technology does a dump of the CAMA data several times a year and provides to MLS (for a small charge, he says). I asked for the agreement with MLS for the CAMA files and indicated to the county administrator that we should negotiate with SCMLS to provide the CAMA files in exchange for my annual membership.

## ■ Mark Hixon, RMA Shawnee County

I budgeted \$1,500 for this year. That includes dues, including the Commercial Investment Division, as well as two

copies of the comp books they send every quarter and our subscription to the Topeka Area Association of Realtors' (TAAR) online multi-list service, which is more detailed than the HomeFinder they put on the Internet for public consumption.

Our relationship with TAAR is excellent. I have a meeting in January with the CEO of TAAR and a few of the residential managers for the biggest area brokers to discuss 2009 residential values. This is the first time I've done that, but they have been very receptive to having a meeting to discuss everything we don't know about what's going on right now in the housing market. We exchange data with them, and they have become very dependent on our Website. We are constantly working on ways to improve our ability to exchange data electronically, and I am hopeful that we will be able to link listing data to Orion some day.

■ **Sue Poltera**  
Reno County Office

In answer to your questions concerning MLS information:

1. Reno County receives the data from the MLS website, which is password protected. Anyone in our office can go online at any time to access the information.

2. We pay \$100 yearly and \$40 monthly for membership to the Hutchinson Board of Realtors.

3. Our relationship with the Board of Realtors and/or MLS has not changed in several years. We have a good relationship with the Board of Realtors, which owns and operates the multi-listing service.

■ **Gene Bryan, RMA**  
Wyandotte County

**1. How do you receive the data and how often?**

We have an agreement with MLS to share our county information (primarily the clerk's parcel number) with them in return for a daily download of their new

additions or changes. We try to send them a file of our CAMA information several times a year (i.e. after valuation notices, after certification and after tax roll).

**2. What is the fee, if any?**

No fee is charged by MLS and we do not charge them for the CAMA information we send them.

**3. Has your relationship or agreement with MLS changed any in the last couple of years?**

No

■ **Mike Borchard, CAE**  
Sedgwick County

In September, I received a letter from the CEO of the South Central Kansas MLS stating that after a review of our "participant" status, we did not meet the criteria for "Association Participant," and the Board determined our access should be terminated. The Board of Directors interprets the requirements for an appraiser to be a "participant" to be "that the individual is licensed by the appropriate authority and is engaged in appraisals of individual properties not mass evaluations".

We met with the MLS folks a few weeks ago, and apparently the Board reconsidered but now is even more convinced that our organization does not meet the criteria for "participant" status.

When we did have access, it was to the online application. The cost was \$500 annually.

We had the MLS information incorporated into our sales inspection process, so it will definitely impact the quality of data on our sold properties.

## Floating Home

Submitted by Stephen Lightle, Everett, WA

Nestled in the trees, is one of the nut-like Free Spirit Spheres. The spheres are suspended by guide ropes, and occupants' movements create gentle bobbing and a calm, meditative effect. (Sept. 04, 2008).

## Considering Buying a Short Sale?

By Rick Stuart, CAE

In the February issue of *Money Magazine*, Joe Light wrote an article titled "Cut a Sweet Deal with the Bank" about some tips on selling and buying a short sale. Briefly, in a short sale, the bank agrees to the sale of the property at less than the current mortgage balance and suffers the shortfall. There were several good tips in the article if you are thinking about purchasing a home that is for sale as a short sale.

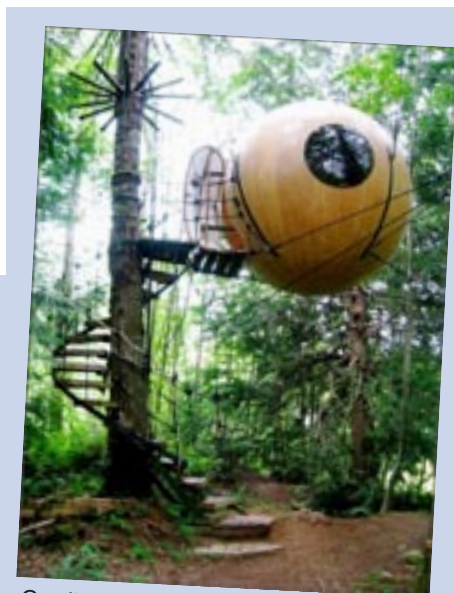
**Tip #1:** Make sure you understand that the sale requires lender approval and may take up to three times as long as a normal sale.

**Tip #2:** Find an agent to represent you, but make sure they have experience in short sales.

**Tip #3:** If possible, do not try a short sale where there is more than one lender involved.

**Tip #4:** Be aggressive! Ask that the lender pick up all closing costs and that inspections or appraisals are not performed until the offer is approved. Lenders are buried in work, so be persistent by frequent calls asking about progress.

It would appear that patience and persistence are two needed traits to make a short-sale purchase.



Credit: John Lee/Special to the P-I.

## KCAA Sponsored Classes

Course	Date	Location	Cost	Instructor
Course 101	July 6-10	Sunflower Rm. at Sedgwick Co. Extension Bldg., 7001 W. 21st St. North (21st & Ridge Rd.) Wichita	\$410	Rick Stuart
Course 102	Aug. 24-28	Shawnee Co. Annex, 1515 NW Saline, Topeka	\$410	Marion Johnson
Course 500	Aug. 31-Sept. 4	KDOT Bldg., 1220 W. 4th, Hutchinson	\$410	Marion Johnson
Course 311	Fall	Topeka	\$410	TBA
Course 201	Oct. 26-30	Topeka	\$410	Marion Johnson
Course 112	Dec. 7-11	Salina	\$410	Rick Stuart
Course 400	Aug. 17-21	Reno Co. Courthouse, Hutchinson	\$410	Rick Stuart
162 Marshall Swift Cost Approach-Residential NOT Orion Specific	July 28-29	Shawnee Co. Annex, 1515 NW Saline, Topeka	\$275	Paul Welcome
163 Marshall Swift Cost Approach-Commercial NOT Orion Specific	July 30-31	Shawnee Co. Annex, 1515 NW Saline, Topeka	\$275	Paul Welcome
Basic Assessment & Taxation	Sept. 8	Topeka	\$50	Rick Stuart
Public Relations	Sept. 9	Topeka	\$50	Rick Stuart
IAAO 917-How to Critique an Appraisal	Sept. 10	Shawnee Co. Annex, 1515 NW Saline, Topeka	\$120	Rick Stuart
Residential Review	May 13-15	Topeka	\$300	Marion Johnson
Commercial Review	June 17-19	Shawnee Co. Annex, 1515 NW Saline, Topeka	\$300	Marion Johnson
Residential Review	Oct. 5-7	Topeka	\$300	Rick Stuart
Commercial Review	Nov. 2-4	Topeka	\$300	Rick Stuart

## KCAA Class Registration

Name \_\_\_\_\_ County \_\_\_\_\_

County  State  Private  Contractor  Other

Job Title \_\_\_\_\_

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

Office Phone \_\_\_\_\_ Office Fax \_\_\_\_\_

Course: \_\_\_\_\_

Date: \_\_\_\_\_ Location: \_\_\_\_\_

**Mail or Fax to:**

KCAA, PO Box 988  
 Meade, KS 67864-0988  
 Fax 620-873-2237  
 Ph. 620-873-7449  
 Email: [kcaa@sbcglobal.net](mailto:kcaa@sbcglobal.net)





## Real Estate Notes of Interest

■ Jeff Opdyke, *The Wall Street Journal*, Jan. 2, 2009. A large amount of Alt-A mortgages are scheduled to reset in 2009. These are the more risky loans that often did not require income verification and negative amortization, which allows borrowers to pay less than a full mortgage payment, thus increasing the loan balance. At this point, a large share of these loans will have a loan balance greater than the market value.

■ Damian Paletta & David Enrich, *The Wall Street Journal*, Jan. 2, 2009. The FDIC is starting to use a tool that was used during the savings and loan crisis. The tool is known as “loss sharing” and is an incentive for healthy banks to take over troubled financial institutions. The government agrees to either assume the bad loans or assume the majority of future losses.

■ Michael Phillips, *The Wall Street Journal*, Jan. 3, 2009. Just another example of activities that created the mortgage mess is discussed in this article. A house in Arizona was condemned as “uninhabitable” by the city and has a mortgage of \$103,000 and sold to a neighbor to tear down for \$18,000. Loan by Integrity was sold to Wells Fargo & Co., which sold to HSBC Holdings, Inc. then packaged it with thousands of other risky loans and was sold to investors.

■ Jim Sollisch, *The Wall Street Journal*, Jan. 3, 2009. This was an interesting letter to the editor. Saying that multiple people were to blame for the mortgage crisis, such as lenders, appraisers and customers, he points the finger to another entity: HGTV. With all the shows on this network such as “House Hunters,” “What’s My House Worth” and many others, the network encouraged people to buy more than

they could afford, to try to flip houses for profit, and to remodel more than needed.

■ Jennifer Levitz, *The Wall Street Journal*, Jan. 5, 2009. Pressure continues to build to cap property taxes throughout the United States. Values in several states were trailing the market, and thus assessed values are often going up for the tax year 2008 when market values are decreasing. Discussions about capping property taxes are being discussed in New York, Georgia, Oklahoma and Wyoming. **Editor’s Note:** Oklahoma and Wyoming have some of the lowest property tax in the country. To get a feel for what the property tax burden per state is, go to the following website: <http://www.taxfoundation.org/publications/show/24078.html>

■ Prabha Natarajan, *The Wall Street Journal*, Jan. 6, 2009. The Federal Reserve is pushing to purchase up to \$5 trillion in mortgage bonds from Fannie Mae, Freddie Mac and Ginnie Mae. This would amount to almost an entire year of new bonds and will reduce risk and, hopefully, create lower mortgage rates to homeowners.

■ *The Associated Press*, Jan. 8, 2009. A Nebraska lawmaker is proposing a change to state property tax laws and would exempt the first \$13,000 of value from taxation and would save about \$275 per house. Only homes would get this break. **Editor’s Note:** I have not seen the legislation, but does it apply to only single-family and owner-occupied? You can see the problems with that in determining who lives in the house. It is going to use \$115 million that is currently sent to counties. Where will they make up that revenue?

■ Deborah Orr, *Forbes.com*, Jan.

7, 2009. Texas is prominent in this article titled “America’s 25 Strongest Housing Markets.” Housing values were rising in many Lone Star State towns until oil futures collapsed and agricultural commodity prices fell. But the bottom doesn’t look very deep. Moody’s forecasts no change for McAllen and a fall of less than 3% for Dallas, Fort Worth, El Paso, San Antonio and Houston. “Texas has the best large-state economy in the country right now,” says Mark Zandi, chief economist for Moody’s Economy.com. “Employment is slowing, but it’s still growing.” Florida is the dominant state in the 25 weakest markets.

■ Dan Levy, *Bloomberg.com*, Jan. 8, 2009. With the Federal Reserve purchasing over \$500 billion of mortgage-backed securities from Freddie and Fannie, some of the nation’s banks are offering home loans below 5%. Most takers are refinance and not new home purchases.

■ Hui-yong Yu, *Bloomberg.com*, Jan. 7, 2009. Regional mall vacancies hit a 10-year high of 7.1% in the third quarter with community or neighborhood centers rising to 8.9%. Rents for both stayed about the same as previously.

Kris Hudson, *The Wall Street Journal*, Jan. 7, 2009. More bad news for investors in retail properties, particularly malls. Retailers are seeking and receiving reduced rents with the threats that they will have to vacate properties or in some cases go out of business. Many national companies are hiring consultants to help them obtain new and reduced leases.

Nick Timiraos, *The Wall Street Journal*, Jan. 7, 2009. Occupancy rates in apartments were great when the housing

**REAL ESTATE NOTES, continued**

crisis first started because displaced homeowners needed someplace to live. Now the vacancy rate is starting to increase, and the effective rent fell in the fourth quarter of 2008 for the first time since 2003.

■ Lingling Wei, *The Wall Street Journal*, Jan. 8, 2009. Delinquencies on commercial loans are starting to rise for hotels, shopping malls and office buildings and were sharply higher in the fourth quarter of last year. Losses to investors during that quarter could be as high as \$3.4 trillion. The delinquency rate is expected to reach 3% by the end of 2009 and, if so, would be the highest in over a decade.

■ Michael Corkery, *The Wall Street Journal*, Jan. 12, 2009. Just one more reason not to buy from China has been discovered in new home construction in Florida. In 2006 there was a shortage of drywall, so some builders started buying drywall made in China. Soon there were complaints of odors and electrical problems. It appears the drywall is emitting sulfur-based gases that not only could create respiratory problems but corrodes air-conditioner coils, computer wiring and metal picture frames. The Florida Department of Health says tests show that the levels of sulfur-based gases pose "no immediate health threat," but some homebuilders have moved tenants out and replaced the drywall. Some homeowners believe this will create a loss in value to an already depressed market.

■ Sue Kirchhoff, *USA Today*, Jan. 12, 2009. According to Real Capital Analytics, commercial property sales plunged 73% in volume for 2008 and vacancy rates are rising. The American Institute of Architect's billing index, a leading indicator of construction six months ahead, is at a record low.

■ Ruth Simon, *The Wall Street Journal*, Jan. 14, 2009. According to a new study by PMI Group Inc., home prices are likely to be lower in two years in more than one-quarter of the nation's housing markets. In developing its risk

index, PMI considers recent trends in home prices, housing affordability, unemployment rates and foreclosures. Among the lowest chance of decline were Dallas-Fort Worth and greater Houston.

■ Jessica Holzer, *The Wall Street Journal*, Jan. 14, 2009. House Financial Services Committee Chairman Barney Frank has introduced legislation for the Fed and the Treasury to extend a \$200 billion debt-relief program targeted at consumer debt and commercial real estate.

■ Prabha Natarajan, *The Wall Street Journal*, Jan. 14, 2009. Some apartments are struggling as conventional wisdom on apartments is that it follows the trend in jobs. It takes a few months for job losses to trickle into the rental market; as people start to double up or move in with relatives, the vacancy rates become higher. This could be bad news for Fannie Mae and Freddie Mac as together they have nearly \$200 billion of apartment loans.

■ Stephanie Armour, *USA Today*, Jan. 15, 2009. Foreclosures continued to increase. RealtyTrac reported that foreclosures in 2008 were up 81% from 2007 and 225% since 2006. One in 54 homes received at least one foreclosure filing. Banks repossessed more than 850,000 properties in 2008 compared to 404,000 in 2007.

■ Chip Cummins and Stefanie Bianchi, *The Wall Street Journal*, Jan. 15, 2009. The economic downturn is everywhere. There has been information in previous writings about the Dubai skyscraper project that would be the tallest structure in the world with a projected cost of \$38 billion. This project is now being delayed even though construction was ongoing for about two years.

■ James Hagerty and Ruth Simon, *The Wall Street Journal*, Jan. 15, 2009. Interest rates are at the lowest level since the 1950s, and requests for refinancing are soaring but not the number of approved loans. Mortgage companies and lenders are saying as

many as 50% of the loan refinances are being denied as clients cannot meet the credit requirements.

■ Hagen Berman Sobol Shapiro, *Daily Real Estate News*, Jan. 13, 2009. A Seattle couple have filed suit against Countrywide Mortgage Company, claiming that it violates the Racketeering Influenced and Corrupt Practices (RICO) Act when it hires its wholly owned subsidiary LandSafe for appraisals. The suit says Countrywide, itself a wholly-owned subsidiary of Bank of America, forces home owners to use LandSafe, then subcontracts the work to independent appraisers while charging homeowners as much as 200 percent of the cost of the appraisals. The suit also contends that if independent appraisers do not accept Countrywide's fee structure or appraisal guidelines, they stand the risk of being blacklisted.

■ David Enrich, *The Wall Street Journal*, Jan. 16, 2009. The benchmark for a 30-year mortgage fell below 5% to 4.96% for the first time ever in Freddie Mac's weekly rate survey.

■ *USA Today*, Jan. 22, 2009. The National Association of Home Builders/Wells Fargo housing market index fell another point to a record low of 9. A score higher than 50 indicates a positive outlook by the home builders, but the score has been below 50 since May 2006 and below 20 since April 2008.

■ Dana Mattioli, *The Wall Street Journal*, Jan. 21, 2009. Apartments are seeing an increase in vacancies and more aggressive tenants seeking rent reductions as a result of more newly constructed condos being converted into rental units. Rents fell by 0.4% in the fourth quarter and vacancies rose to 6.6% from 5.7% a year ago.

■ Anton Troianovski, *The Wall Street Journal*, Jan. 21, 2009. Real estate investments by pension funds and other big investors lost a record 11% of their value in the fourth quarter of last year.

■ Kerry Grace, *The Wall Street Jour-*

nal, Jan. 21, 2009. Commercial mortgage-backed securities loan delinquencies increased in December to 0.88%. Although this appears small, it was an increase from 0.64% in November, and the increase in December was largely a result of two loans with outstanding balances totaling more than \$100 million.

■ Ruth Simon and Dawn Wotapka, *The Wall Street Journal*, Jan. 24, 2009. Luxury home-builder Toll is offering a 30-year fixed rate loan for 3.99% interest if the borrower has a credit score of at least 720 and a 20% down payment for loans of \$417,000 or less.

■ *USA Today*, Jan. 26, 2009. Freddie Mac will need an additional \$30 to \$35 billion in government aid to cover their losses.

■ *Democrat-Gazette Press Services*, Jan. 27, 2009. Falling home prices has led to an increase in home sales volume, according to the National Association of Realtors (NAR). Sales of previously owned homes rose by 6.5% in December, but the nationwide median sales price fell to \$175,400, which is down 15.3% from a year ago.

■ Kris Hudson, *The Wall Street Journal*, Jan. 26, 2009. Hotel vacancy rates are at a 20-year high. The decline in occupancy is the 15th consecutive month and is even longer than post-9/11. U.S. hotels now carry roughly \$250 billion in mortgage debt. Smith Travel Research estimates that an additional 125,000 new rooms will become available this year, which is a 2.5% increase in supply. Some experts are projecting that hotel delinquency will be 5% to 6% this year but that would not be close to the 14.2% that occurred in 1991.

n Liz Rappaport, *The Wall Street Journal*, Jan. 30, 2009. Companies are now finding more buyers for their commercial paper than recently. In the last three-month period, the amount of commercial paper purchased by the Federal Reserve has dropped from \$230 billion to \$102 billion. In a nutshell, more money is available from non-fed-

eral sources. Commercial paper is a temporary loan of no greater than 270 days that businesses use for non-asset purchases.

■ Tamara Audi, *The Wall Street Journal*, Jan. 30, 2009. The fourth quarter was not kind to Starwood Hotels and Resorts Worldwide, Inc. They posted a 46% decline in net income. Hotel operators have cut labor and operating costs as occupancy and room rates have dropped.

■ *The Wall Street Journal*, Jan. 31, 2009. It seems the rich are having as much or more problems with their mortgages. Data is showing that those with jumbo mortgages, too big to qualify for backing by the government, are becoming delinquent at a greater rate than the rest of the market. Realtors had thought that the high-end market would be immune to the falling residential home prices. Research has shown that from 1995 to 2004, the top 1% of Americans by wealth more than doubled their mortgage and residential debt.

■ *The Wall Street Journal*, Feb. 1, 2009. On the bright side, the largest U.S. owner of malls by number of properties, Simon Property Group Inc., saw a 22% rise in net income for the fourth quarter aided by rising rents.

■ Kris Hudson, *The Wall Street Journal*, Feb. 4, 2009. General Growth Properties Inc. continues to struggle to meet mortgage obligations. The company owns over 200 malls, including such trophy malls as Water Tower Place in Chicago and Faneuil Hall in Boston. Last December the company went several days past due on a \$900 million note before Goldman Sachs Group Inc. helped find investors for additional loans of \$225 million, and that is now past due. Total debt is now around \$27 billion, and bankruptcy could be looming for the company. If so, that would be one of the largest real estate collapses in history.

■ Alex Frangos, *The Wall Street Journal*, Feb. 4, 2009. When Lehman Brothers Inc. went bankrupt, there was

an estimated \$43 billion in real estate investments. Some of the properties were owned by the company, but much of the funds were invested or committed to other real estate deals around the country. As you can imagine, this is causing some projects to fail and others to be seeking investors in what is considered a down commercial market.

■ Maura Webber Sadovi, *The Wall Street Journal*, Feb. 4, 2009. CB Richard Ellis Investors recently purchased three large office complexes from INC Group NV at a rather large discount. ING purchased the properties for \$365 million in 2005 and 2006 and sold for \$209 million. What is interesting about this article is the discussion of how the vacancies were considered in the valuation process. Ellis gave no value consideration to the vacant space, normally considered to become leasable, but instead assumed that the vacant space isn't going to be filled, thus lowering the net income and the value.

■ Conor Dougherty, *The Wall Street Journal*, Feb. 4, 2009. The National Association of Realtors reported that pending home sales in December rose from the previous month, which is the first increase in two years.

■ Kenneth Leon, *BusinessWeek.com*, Feb. 2, 2009. Standard & Poor's predicts that 2009 won't be any better for the housing market than 2008. S&P believes that new housing starts in 2009 will only reach 650,000 units, a 29 percent decline from 2008's 910,000 units and a 65 percent drop from the 1.8 million units built in 2005. Real housing recovery, S&P's economists say, is dependent on reduction in home inventory, which currently stands at 10.4 months, compared to 6 months during healthier markets. In some Sunbelt states, S&P says there is a 30-month inventory.

S&P points to five key issues necessary for a housing rebound:

1. Buyers must have confidence in their jobs and income levels.
2. Housing prices must stop declining.
3. Housing must be affordable in



### REAL ESTATE NOTES, continued

relation to income.

4. Buyers must have access to low-interest mortgages.

5. Home owners must be able to sell their homes in order to buy a new one.

■ *Commercial Real Estate News*, Feb. 3, 2009. PPR (Property & Portfolio Research) expects property values across all sectors to continue falling through at least 2010. Multifamily will lead the decline, registering a 32 percent drop between 2007 and 2010. Office will fall 31 percent during the period, retail 29 percent and industrial 21 percent. The valuation declines projected for the 2007-2010 period are also far worse than the declines of past recessions. In the 2001-2003 down cycle, valuations dropped less than 9 percent for office space and less than 3 percent for the other sectors. In the more severe 1990-1991 downturn, they dropped about 25 percent for office and between 8 percent and 11 percent each for the other sectors, according to PPR.

A separate report from Real Capital Analytics has projected that cap rates could start approaching 10 percent later this year from rates of 5 percent to 6 percent, which have prevailed in recent years. Higher rates would be required to attract investors during the downturn in acquisition activity. While there will be just a brief period when cap rates of 9 percent to 10 percent become more common, Real Capital also noted that a return of more robust investment activity will later drive rates back down, but nowhere near the 5 percent to 6 percent level.

■ *Commercial Real Estate News*, Feb. 2, 2009. Realpoint, the Horsham, Pa., rating agency, expects CMBS loans to continue defaulting at a very rapid pace and said they could reach \$15 billion sometime early this year. It cited the rapid degradation in the quality of certain hotel and retail loans that have been especially hard hit by the soft economy, a volume of large securitized loans that have been showing signs of stress, as well as growing

volumes of maturity defaults. It said that as a percentage of the CMBS universe, delinquencies could approach 3 percent by year end as compared to the current 1 percent.

■ *USA Today*, Feb. 6, 2009. Hotel occupancy fell sharply during last year's fourth quarter, including an 11% drop in November with luxury hotels off 15%. Revenue declined \$828 million in November, compared with November 2007, according to data provided by Smith Travel Research, a firm that specializes in the hotel industry. The Dow Jones U.S. hotels index, which measures the stock performance of hotels and other lodging businesses, fell 56% last year—a steeper drop than the Dow Jones U.S. index, which dropped 39%.

■ John Jannarone, *The Wall Street Journal*, Feb. 7, 2009. This will not be good news for commercial borrowers and investors. The IRS has just determined that REIT's no longer have to pay back 90% of the pre-tax income to investors in cash, but can pay with as much as 90% in stock and as little as 10% in cash. However, the IRS has also determined that the full 100% is reported as income to the investor.

■ Bruce Bartlett, *Forbes.com*, Feb. 6, 2009. Economists have long known that there is a relationship between wealth and spending in the economy. According to most studies, people will increase their spending by about \$5 for each \$100 increase in their net wealth. Therefore, they will reduce their spending by \$5 for each \$100 reduction in their wealth as well. Emerging research, however, suggests that the problem may even be worse in this recession because so much of the decline in wealth is concentrated in housing.

In 2001, a study by economists Karl Case, John Quigley and Robert Shiller found that almost all of the aggregate wealth effect came from changes in housing wealth, with very little resulting from changes in financial wealth. Similar conclusions were drawn by other researchers in two 2004 studies. Cutting to the chase, this means the spending

in the U.S. may continue to decline. The complete article can be seen at: [http://www.forbes.com/2009/02/05/spending-housing-equity-opinions-columnists\\_0206\\_bruce\\_bartlett.html](http://www.forbes.com/2009/02/05/spending-housing-equity-opinions-columnists_0206_bruce_bartlett.html)

■ *AARP Magazine*, March/April 2009. In September 2008, AARP conducted a study on the number of people over 50 that are in some form of foreclosure on their home and what the age make-up of those with mortgages is. The study indicated that about 684,000 people over 50 are delinquent on their first mortgage, are in foreclosure or have already lost their home. First mortgages by age of borrower are: 59% age 49 and under, 28% age 50-61, 8% age 62-69, and 5% age 70 or older.

■ Calum MacLeod, *USA Today*, Feb. 11, 2009. A Chinese invasion may be coming! This article discusses that China's leading real estate agency is now starting tours for Chinese investors to come to the U.S. and purchase homes for investments, children who will be attending U.S. colleges, and for second or retirement homes.

■ Stephanie Armour, *USA Today*, Feb. 12, 2009. RealtyTrac is reporting that home foreclosures for January were down by 10% from December but still 18% above January 2008. Some of this could be because of government requests to delay steps for foreclosure. An example could be that Freddie Mac and Fannie Mae extended their moratoriums on foreclosures through the end of January and some states have taken similar steps.

■ Haya El Nasser & Paul Overberg, *USA Today*, Feb. 13, 2009. The U.S. Census Data is indicating that a record one in nine housing units is empty. The vacant units create a great number of problems for jurisdictions such as declining values and property taxes, faster deterioration of homes because of the lack of maintenance and safety issues for vandalism and squatters.

■ Betsy McKay, *The Wall Street Journal*, Feb. 9, 2009. The federal government has just raised tobacco tax to help

fund a children's health-insurance program with the tax rising from \$0.39 per pack to \$1.01 in April. Increasing the federal tax could have a large impact on states who had intended to raise state cigarette tax to help plug budget deficits. The end result could be fewer cigarette sales and thus less tax.

■ Tamara Audi, *The Wall Street Journal*, Feb. 13, 2009. Congress has done a great job of killing the resort hotel business, according to some in the industry. Conferences planned by companies now receiving government aid are cancelling them and other businesses are doing the same. Marriott International, Inc. and Starwood Hotels and Resorts Worldwide have seen big drops in corporate business in recent months.

Marriott reported a fourth-quarter loss of \$10 million as compared to \$236 million profit a year earlier. Revenue per available room dropped 7.5% worldwide. For all of 2008, Marriott posted a \$362 million profit, compared with \$696 million in 2007.

■ Roxana Hegeman, *Associated Press*, Feb. 13, 2009. The value of some Western and Midwestern farmland fell 2.8 percent in the fourth quarter of 2008, the Federal Reserve Bank of Kansas City reported Friday. The report reflected prices in the 10th Federal Reserve District, including Colorado, Kansas, Nebraska, Oklahoma, Wyoming and parts of New Mexico and Missouri. Overall, farmland values remained strong in 2008 compared with 2007, with irrigated cropland prices up 10.9 percent, while non-irrigated cropland was up 7.1 percent, and rangeland rose 5.6 percent. The Federal Reserve survey of bankers found that 70 percent expected farmland values to stay about the same in 2009, while 25 percent anticipated they would fall further.

■ Paul Muolo, *National Mortgage News*, Feb. 16, 2009. *National Mortgage News* and the *Quarterly Data Report* indicate a jump in market share of the top five residential servicing firms to 66.94 percent at the end of 2008 from 55.93 percent at the end of

2007, indicating an increase in industry consolidation. Servicing rights among the firms jumped 27 percent to \$6.513 million. Bank of America's acquisition of Countrywide Financial made it the top servicer, with a market share of 21.13 percent.

■ Stephanie Armour, *USA Today*, Feb. 19, 2009. Is \$75 billion the magical number? Will an additional \$200 billion for mortgage-backed securities be the answer? Both of these numbers are part of the residential bailout announced by the Obama administration. The \$75 billion is designed to directly help homeowners on the verge of bankruptcy who have been making their monthly payments but struggling to do so. It will not help those already in foreclosure. Details will come later, but it allows loans through Fannie Mae and Freddie Mac to be re-issued at a lower payment and will provide government assistance to do the same for private financial institutions. The \$200 billion is designed to buy mortgage-backed securities to help stabilize the market. Stay tuned!

■ *Commercial Real Estate News*, Feb. 18, 2009. Recent revenue drops may be a precursor for the near future. Moody's Investor Services indicates that hotel revenue per available room (RevPAR) fell 10% in 2008. PricewaterhouseCoopers' hotel practice has predicted that RevPAR would drop another 11.2 percent this year, while PKF Hospitality Research has predicted a 9.8 percent drop. Moody's is projecting that an 11.2 percent drop in RevPAR this year would result in a 25 percent drop in net cash flow. That would translate to a 25 percent value drop if cap rates points to exceed 9 percent in the fourth quarter and continue on an upward trajectory, according to Real Capital Analytics. A 91 basis point would be expressed as 0.91 as a cap rate.

■ *USA Today*, Feb. 20, 2009. The National Association of Realtors stated that commercial real estate prices fell 14.9% in 2008 to the lowest levels since 2005. The activity in the market was

the weakest in 12 years. In a separate report, Moody's stated the commercial market had fallen 16% since the peak in October 2007.

■ Michele Dargain, *Palm Beach DailyNews*, Feb. 19, 2009. Former Greece, NY, property appraiser and part-time Palm Beach resident, John Nicolo, was convicted of manipulating commercial property assessments and appraisals in exchange for kickbacks. The 75-year-old was sentenced to 12 years, his wife to three years' probation for conspiracy and tax evasion. Nicolo was also found guilty of forging documents and convincing a friend not to testify against him. The judge told Nicolo, "You have the moral compass and integrity of a pirate." Former Eastman Kodak executive David Finman, 61, was convicted in the same trial and ordered to prison for a year and nine months. This was a \$14 million scheme between 1999 and 2005.

■ *CNBC*, Feb. 19, 2009. Kind of an interesting comment that was unknown to this editor: 92% of homeowners are current on their mortgage.

■ Scott Patterson, *The Wall Street Journal*, Feb. 14, 2009. Warren Buffett's Berkshire Hathaway bought \$250 million of debt from jewelry giant Tiffany & Co. at a yield of 10%. They had previously purchased \$5 billion of debt from Goldman Sachs Group at a 10% yield. As large amounts of money are difficult to obtain, would this be the loan rate to use in the band-of-investment method for developing a capitalization rate?

■ Michael Corkery, *The Wall Street Journal*, Feb. 18, 2009. Home foreclosure court in Fort Myers, Fla., has been dubbed "Rocket Docket." Two years ago the number of foreclosures in Lee County was 1,900, and last year it was 24,000. A judge must make a decision before the foreclosure can be finalized. A typical hearing goes like this.

Judge: Are you current on your mortgage and are you living in the home?

Homeowner: No and yes.

Judge: You have 60 days to work

**REAL ESTATE NOTES, continued**

out a deal with the lender or vacate the property.

Average time frame for the hearing is 20 seconds with 800 hearings per day.

■ *The Wall Street Journal*, Feb. 18, 2009. The American Institute of Architects Billings Index has dropped to 33.3, which is a new low. Any score above 50 indicates an increase in billings and below 50 a decline.

■ Katherine Boehret, *The Wall Street Journal*, Feb. 18, 2009. A different real estate website is [www.trulia.com](http://www.trulia.com). This website now shows homes for sale and offers five comparable homes that are also for sale. Trulia stated it relies on partners and the data from MLS for their data and thus is only as good as the data sent them. **Editor's Note:** I found two homes that I knew were for sale within a one-block radius of my home, and it then showed others that were within a few miles that were comparable properties listed for sale.

■ Conor Dougherty, *The Wall Street Journal*, Feb. 19, 2009. Housing starts plunged to new lows in January as a large number of vacant homes, tight mortgage financing and a deepening recession created the worst housing market in half-a-century.

■ Lucette Lagnado, *The Wall Street Journal*, Feb. 20, 2009. The declining market in some areas is being indiscriminate. Homes in the luxury area of the Hamptons are now being discounted from 25% to 30%. But not all homes around the country seem to be affected. A Los Angeles developer has placed his 48,000-square-foot mansion for sale at \$85 million, which is one of the highest asking prices ever in the United States.

n *Associated Press*, Feb. 24, 2009. **LAW PROTECTS BUYERS FROM METH CONTAMINATION.** A new law may change disclosure stipulations for an unexpected problem that is distressing more and more homebuyers—methamphetamine contamination.

Meth-making or heavy use can leave chemicals in carpets, air ducts and attics. Contamination of apartments, hotel rooms, houses and storage sheds is more common than people imagine, according to experts, and without proper cleanup the chemicals linger and expose people to health risks.

Experts say the law requiring Texas home sellers to disclose knowledge of a house being used as a meth lab is not strong enough to protect buyers. Kirk Flippin, who owns a New Braunfels company that tests for meth labs and does cleanups, said Texas needs laws requiring complete disclosure of places contaminated by the manufacture or heavy use of meth.

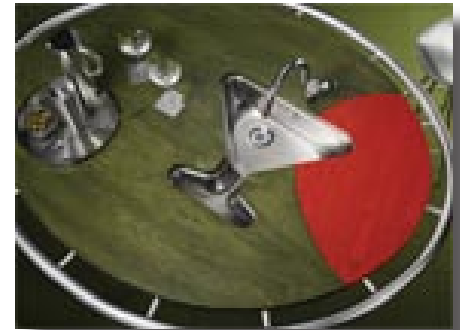
House Bill 23, introduced this session, would require landlords to disclose previous use of leased premises for manufacture of methamphetamines. Under Texas law, if buyers suspect improper disclosure, they can file a complaint with Texas Real Estate Commission, and the issue can be investigated. The Texas Property Code also requires the seller's real estate agent to disclose any significant defect.

■ James Hagerty & Dan Fitzpatrick, *The Wall Street Journal*, Feb. 25, 2009. The Federal Reserve reported that banks have placed 2.04% of the value of commercial real estate loans in a charge-off position for the fourth quarter of last year. The last time it was that high was in 1992. **Editor's Note:** In case you do not remember or were not around, that was not good times.

■ Jeff Bater, *The Wall Street Journal*, Feb. 26, 2009. The volume of home sales fell 5.3% in January to a new 12-year low. Some people are sitting on the sidelines waiting to see what program the federal government will come up with.

■ *Associated Press*, March 3, 2009. Citigroup Inc. said Tuesday that it will lower mortgage payments for some homeowners to an average of \$500 a month for three months as part of a new program to help the unemployed.

■ Joel Ross, *HotelNewsNow.com*,



A martini sink by Elkay, just what everyone should have in their home!

Feb. 9, 2009. If you do not think there is a depressed market in the hotel industry, this article will change your mind. Two paragraphs are shown below and the complete article can be found at <http://www.strglobal.com/News/News.aspx>.

“If you want to know where the hotel business is going, you need to look at the bond market and what is happening in the capital markets generally. What happens with the Troubled Asset Relief Program is going to determine when RevPAR turns up, not average daily rate or anything else directly related to hotels. When TARP is fully implemented and the bad bank and related government programs to fix the banking system are in place, there will be hope that six months later the economy may start to stabilize and turn slightly up.

“Various recent articles predicting that things will be better after midyear or that banks will begin lending to hotels again after June are ridiculous. There is no question that the government is going to force banks to lend again, but the hotel industry will be one of the last places that occurs because the industry will be suffering the worst downturn since 1932 and there will not be the credit history to justify many loans.”

■ *Ciremagazine.com*, March 3, 2009. Top 5 Real Estate Investor Concerns:

1. Financing availability
2. Tenants' creditworthiness
3. Unforeseen economic shocks
4. Rising vacancy rates
5. Rising operating expenses



■ Derek Gale, *hotelsmag.com*, March 1, 2009. Late last year, Extended Stay Hotels entered talks that ultimately could result in the hotel chain being turned over to its lenders. The situation is clearly a direct result of the weakened state of the economy in general and commercial real estate in particular. “Occupancies have fallen significantly, and rates and RevPAR have dropped dramatically and it is possible that Extended Stay has been among the hardest hit, based on the chain’s primary guest being the regular business traveler.”

■ *Bloomberg.com*, March 3, 2009. General Growth Properties Inc., the mall owner at risk of bankruptcy, received offers of almost \$400 million for properties including Boston’s Faneuil Hall and New York’s South Street Seaport, according to a person familiar with the matter. General Growth, the No. 2 U.S. shopping-mall owner, last week said it has \$1.18 billion in past-due debt.

■ *Bloomberg.com*, Feb. 26, 2009. Office building sales in the U.S. fell in January to the lowest since at least 2000 as commercial real estate values and frozen credit markets kept buyers at bay. About \$744.6 million in office property sold last month, an 86 percent drop from a year earlier.

Several good articles about the projection for commercial activity at: <http://www.realtyrates.com/news.html>.



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# Public Relations

If you have PR ideas or suggestions, please submit them to Dianna Carter, KCAA Public Relations Committee Chair, at [dcarter@mcphersoncountyks.us](mailto:dcarter@mcphersoncountyks.us)

## How To Deal With Angry People



1. Do not respond in kind. Hostility often begets more hostility.

Respond instead with a non-hostile message to defuse people who are behaving in a hostile manner toward you.

2. Take them seriously and validate their feelings.

Listen to what they have to say and hear them out; ignoring them or minimizing their feelings will tend to escalate their anger further.

3. Respond to the feelings they are having—not the content of what they are saying.

Try to hear and respond to the underlying hurt or pain the person is experiencing underneath the angry words. Use statements such as “I can appreciate why you feel that way.”  
 — From *A Survival Guide* by Tony Fiore



### P.R. Through the Ages...

Moses and his flock arrive at the sea, with the Egyptians in hot pursuit. Not knowing how to proceed, Moses calls a staff meeting.

“Well, how are we going to get across the sea?” Moses asks. “We need a fast solution. The Egyptians are close behind us.”

“Normally, I’d recommend that we build a pontoon bridge to carry us across,” the General of the Armies says, “but there’s not enough time—the Egyptians are too close.”

“Normally, I’d recommend that we build barges to carry us across,” the Admiral of the Navy says, “but time is too short.”

“Does anyone have a solution?” Moses asks. Just then, his Public Relations man raises his hand. “You!” Moses says, “You have a solution?”

“No,” the PR man says, “but I can promise you this: If you can find a way out of this one, I can get you two or three pages in the Old Testament.”

### And the winner is...

Pratt County—for the well-written, informative response to Prop K. Thank you for sharing this response with us.



# KANSAS COUNTY APPRAISERS ASSOCIATION

Annual Business Conference ❖ June 7 – 10, 2009 ❖ Airport Hilton ❖ Wichita

### Golf Tournament

8 a.m. Monday, June 8. Tournament is a scramble. **No walk-ons or payments will be allowed at the tournament site.** Breakfast is included in the price. Pairings arranged by Mark Low, tournament coordinator or, if you have a team, please list names below:

\_\_\_\_\_  
\_\_\_\_\_

### Bowling Tournament

Sunday, June 8 at West Acres Bowl, 749 N. Ridge Road. Registration at 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.

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

## REGISTRATION & FEES

### REGISTRATION FEES

- Full Registration \_\_\_\_\_ \$245
- Education Only \_\_\_\_\_ \$145
- Golf Tournament \_\_\_\_\_ \$ 65
- Bowling Tournament \_\_\_\_\_ \$ 17 (Includes 3 games, shoes, prizes)
- Monday Night Dinner/Entertainment \_\_\_\_\_ \$ 30
- Tuesday Night Dinner/Entertainment \_\_\_\_\_ \$ 30
- Tuesday Awards Luncheon \_\_\_\_\_ \$ 20

### AFTER MAY 17

- \_\_\_\_\_ \$255
- \_\_\_\_\_ \$155
- No registrations after May 23**
- \_\_\_\_\_ \$ 33
- \_\_\_\_\_ \$ 33
- \_\_\_\_\_ \$ 23

### Total Enclosed

\$ \_\_\_\_\_

\$ \_\_\_\_\_

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

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

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

## SPOUSE/GUEST REGISTRATION

### REGISTRATION FEES

- Golf Tournament \_\_\_\_\_ \$65
- Bowling Tournament \_\_\_\_\_ \$17 (Includes 3 games, shoes, prizes)
- Monday Night Dinner/Entertainment \_\_\_\_\_ \$30
- Tuesday Night Dinner/Entertainment \_\_\_\_\_ \$30
- Tuesday Awards Luncheon \_\_\_\_\_ \$20

### AFTER MAY 17

- No registrations after May 23**
- No registrations after May 23**
- \_\_\_\_\_ \$33
- \_\_\_\_\_ \$33
- \_\_\_\_\_ \$23

### Total Enclosed

\$ \_\_\_\_\_

\$ \_\_\_\_\_

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

**HOTEL INFORMATION:** Wichita Airport Hilton, 2098 Airport Rd., Wichita, KS. Ph. 316-945-5272. Room Rate: \$94 + tax

**ONE** KCAA logo shirt will be given to each full-fee conference registrant. Please indicate your shirt size and choice below.

**Cool Mesh Short-sleeve Sport Shirt.** Choose **one** color:  Blueberry (ivory & navy trim)  Red (khaki & ivory Trim)

- Men's (3 button with collar)  XSmall  Small  Medium  Large  Extra-Large  
 2XL  3XL  4XL  5XL  6XL
- Women's (v-neck with collar)  XSmall  Small  Medium  Large  Extra-Large  
 2XL  Plus 1X  Plus 2X



**(Additional logo garments can be ordered. Please use order form on next page or contact KCAA to request an order form. Deadline to order is May 15th.)**



# Order Form: 2009 Logo Items

The deadline for ordering shirts to be picked up at Conference is May 15.

Name \_\_\_\_\_ County \_\_\_\_\_

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

### Cool Mesh Short-Sleeve Sport Shirt Select Color(s) and Size(s)

**Blueberry (ivory & navy trim)**

	Qty.	Qty.	Qty.	Qty.	Qty.	
Men's (3 button with collar)	__ XSmall	__ Small	__ Medium	__ Large	__ Extra-Large	\$23.00 each
	__ 2XL	__ 3XL	__ 4XL	__ 5XL	__ 6XL	\$25.00 each
Women's (v-neck with collar)	__ XSmall	__ Small	__ Medium	__ Large	__ Extra-Large	\$23.00 each
	__ 2XL	__ Plus 1X	__ Plus 2X			

**Red (khaki & ivory trim)**

	Qty.	Qty.	Qty.	Qty.	Qty.	
Men's (3 button with collar)	__ XSmall	__ Small	__ Medium	__ Large	__ Extra-Large	<b>\$23.00 each</b>
	__ 2XL	__ 3XL	__ 4XL	__ 5XL	__ 6XL	<b>\$25.00 each</b>
Women's (v-neck with collar)	__ XSmall	__ Small	__ Medium	__ Large	__ Extra-Large	<b>\$23.00 each</b>
	__ 2XL	__ Plus 1X	__ Plus 2X			<b>\$25.00 each</b>

**Grand Total # of Shirts** \_\_\_\_\_ **\$** \_\_\_\_\_